



# **Daily Report**

# **China**

FBIS-CHI-93-005  
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# Daily Report

## China

FBIS-CHI-93-005

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8 January 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### U.S. Forces Storm Gunmen's Base in Mogadishu

OW0701141293 Beijing XINHUA in English 1355  
GMT 7 Jan 93

[By Liu Jiang]

[Text] Mogadishu, January 7 (XINHUA)—U.S. forces in Somali capital Mogadishu stormed a base held by one of the main warring factions in the city this morning, capturing a large stock of weapons including tanks, anti-aircraft artillery and machineguns mounted on vehicles.

The attack on the base held by the warring faction led by warlord General Mohamed Farah Aidid, about 10 kilometers northwest of the port of Mogadishu started early this morning and the fighting lasted about 40 minutes.

The operation was carried out by U.S. Marines using tanks, rockets and machineguns supported by heavily armed helicopters, U.S. Military Spokesman Fred Peck said today.

Peck said the attack was launched after the gunmen at the base were warned to surrender.

He said a U.S. patrol came under fire from gunmen in the base yesterday afternoon and a ultimatum was later sent to the gunmen to surrender by 10:00 last night, but they gave no response.

The operation was the largest carried out by U.S. forces in Mogadishu since they landed in the city on December 9.

This correspondent paid a visit to the base after the operation was over this morning and saw a group of Somali "prisoners of war" sitting by an U.S. military vehicle with a U.S. soldier, gun in hand, standing nearby. The "prisoners of war" include some women and children.

One of the gunmen captured at the base told this correspondent that four Somali soldiers in the Aidid-led faction were killed in the U.S. attack on the base.

Peck said he could not confirm how many Somali gunmen were killed but said the U.S. troops suffered no casualty.

An ex-journalist in Somalia, who acted as an interpreter for this correspondent, said the occupation of the base will help improve the security situation in the capital city.

### Pentagon Declines To Confirm Iraqi Missile Movement

OW0701223393 Beijing XINHUA in English 2147  
GMT 7 Jan 93

[Text] Washington, January 7 (XINHUA)—The Pentagon today declined to confirm that Iraq had removed

its surface-to-air missiles from the "no-fly" zone in southern Iraq following an ultimatum from the United States and its allies.

Earlier, Pentagon officials said U.S. intelligence indicated that Iraq today began to remove its missiles positioned near the southern "no-fly" zone, but didn't know where the missiles were moved.

Bob Hall, a Pentagon spokesman, declined to confirmed the movements at a regular Pentagon news briefing, and indicated that U.S. officials were awaiting definitive evidence.

"I am not going to speculate. I am just not going to get into giving an intelligence assessment of where the missiles are at a given time," Hall said. "Until it is reached, I am not going to say this is where it stands at this point or this hour."

He said Washington hopes Iraq will comply with the ultimatum, but if it does not, "we are certainly ready and capable of doing what is necessary to enforce the 'no-fly' zone. We have the assets."

The ultimatum was drafted by the United States, France, Britain and Russia and handed to Iraq's U.N. ambassador on Wednesday. It gave Iraq 48 hours to withdraw the missiles from the "no-fly" zone declared by the allies last August.

Meanwhile, Iraqi official news agency quoted Iraq's Deputy Prime Minister Tariq Aziz saying today "it is the right of Iraq to deploy air defenses throughout the country."

'Aziz also said, "Iraqi pilots are not prohibited from flying in the skies of their country for training and patrol purposes," and that any aggressive action against Iraq would be a violation of international law, the agency reported.

### U.S. To Assure Ukraine on START Treaty

OW0801000693 Beijing XINHUA in English 2313  
GMT 7 Jan 93

[Text] Washington, January 7 (XINHUA)—The United States told a visiting Ukrainian delegation that Washington "is prepared" to give assistance and security assurances if Kiev approves the START [Strategic Arms Reduction Treaty] and NPT [Nonproliferation Treaty] treaties.

Officials from both sides conducted "a useful review of the status of START and the Non-Proliferation Treaty which are now before the Ukrainian parliament for approval, including assistance and assurances the United States is prepared to provide to Ukraine once these agreements are approved," State Department Spokesman Richard Boucher said here today.

The START pact, or Strategic Arms Reduction Treaty, stipulates that Ukraine transfers the strategic nuclear

weapons on its territory to Russia within seven years after the pact goes into force.

The treaty can be implemented only after being ratified by the Ukrainian and Belarus parliaments. The other three signatories—the United States, Russia and Kazakhstan, have already endorsed the pact.

And the second start pact, signed by U.S. President George Bush and Russian leader Boris Yeltsin on January 3 in Moscow, would hinge on the first START.

The Ukrainian delegation, led by Deputy Foreign Minister Boris Tarasyuk, held meetings with Undersecretary of State Frank Wisner and Undersecretary of Defense Paul Wolfowitz and Chairman of the Joint Chiefs of Staff Colin Powell.

Ukrainian President Leonid Kravchuk reiterated Kiev's willingness to be a nuclear-free country soon after the second START treaty was signed, and pledged to speed up the ratification of the START and NPT pacts in the parliament.

The Ukrainian legislature postponed the ratification until early this year. Some lawmakers reportedly seek firm U.S. and Russian security assurances and more money for the dismantlement of the missiles as well as proceeds from sales of fissile materials with Washington.

But Boucher said today that "Ukraine has not made new demands on the United States, and the United States has not rejected Ukrainian demands."

The spokesman said Washington "is cooperating with Russia, Ukraine, Belarus, and Kazakhstan to ensure the rapid dismantlement of nuclear weapons, and the fair sharing of proceeds of sales of fissile materials."

He said the United States is prepared to provide assistance "worth at least 175 million dollars" once Ukraine endorses the pacts.

Some Ukrainian officials have put the total costs of nuclear missiles dismantlement at 1.5 billion U.S. dollars.

#### DPRK's NODONG SINMUN Welcomes START Treaty

OW0801032293 Beijing XINHUA in English 0317  
GMT 8 Jan 93

[Text] Pyongyang, January 8 (XINHUA)—The official NODONG SINMUN newspaper of the Democratic People's Republic of Korea (DPRK) said today it welcomed the START II Treaty signed by the United States and Russia on January 3.

The newspaper commented that all nuclear weapons must be destroyed to prevent nuclear war and ensure world peace and security.

The treaty on strategic arms reduction served as a link in nuclear disarmament, but what was more important was to earnestly implement it, the paper said.

To remove all nuclear weapons and bases on the Korean peninsula and turn the region into a nuclear free zone constituted the prerequisite and necessary condition for preventing a world nuclear war, it stated.

#### Article Says 'Hegemonism' Obstacle to Peace

HK0801100493 Beijing RENMIN RIBAO in Chinese  
16 Dec 92 p 7

[“Yearender” by Ni Liyu (0242 4539 5038), researcher with the China Institute of International Studies: “Hegemonism and Power Politics Are the Major Obstacles to Peace and Development”]

[Text] After a long period of rivalry and confrontation, one of the two superpowers which practiced hegemonism and power politics in the past disintegrated, whereas the other, though weakened, has still not given up hegemonism. Meanwhile, with the collapse of the bipolar pattern, other western powers also demand a greater say in international affairs. Hegemonism and power politics under the new situation are still the major obstacles to the peace and development being sought by all peoples in the world, and are increasingly being resisted and opposed by concerned countries and regions. This was a noticeable characteristic of the international situation over the past year.

After the Gulf war and the disintegration of the Soviet Union, the United States claimed that "nobody can replace the leading position of the U.S.," and its goal was to establish a unipolar world led by the United States and to realize "peace governed by the United States." The press in the United States even propagated the "theory of hegemonic stability," saying that the world being in tranquillity and peace can be ensured only when there is a hegemonic power. However, innumerable historical facts have proved that when a power is bent on having its own way, this will not bring about stability, but more seriously threaten world peace. Moreover, with multipolar development of the world, it is also impossible for any power to monopolize international affairs. Now, the allies of the United States are not satisfied with the present unequal "partnership" with the United States and have entered into rivalry with the United States in many fields. The so-called "peace governed by the United States" is not workable in the West and is bound to be more resolutely opposed by the vast number of developing countries.

As far as current international relations are concerned, certain situations have aroused people's serious concern. Some western powers do not follow the UN Charter and the requirements of international law and do not insist on settling differences and disputes between countries through peaceful means and consultation, but unilaterally lay stress on resorting to UN military intervention, indiscriminately and frequently adopt mandatory measures against member countries, and attempt to treat the United Nations as an instrument of political power. This is a modified form of power politics which cannot help

settle conflicts but will, on the contrary, further complicate the situation. In other situations, some western countries go back on the understandings and pledges reached with other countries in the past, violate the agreements reached, unilaterally interpret, as they please, past promises and understandings to their own advantage, and also pressure others to accept their terms. This is also a display of power politics. In addition, some western countries on the one hand keep advocating arms control and the establishment of a control mechanism for international arms transference so as to oppose the normal needs of other countries, developing countries in particular, in strengthening national defense; but, at the same time, continuously spread sophisticated weapons to Third World countries, or even use arms sales to trample on other countries' sovereignty and to interfere in their internal affairs. This is entirely a hegemonic practice by which "one may steal a horse while another may not look over the hedge."

Apart from monopolizing international affairs, countries craving hegemonism have been vigorously spreading their values, ideology, and economic pattern, and making others' agreeing to adopt their set of practices a condition for granting aid and for cooperation, and impose economic blockades on and take sanctions against others if they oppose them. In this way, more conflicts have been touched off, resulting in tense interstate relations which severely affect the undertaking of peace and development. Take a recent case as an example: On 23 October, the United States approved the "Torricelli" bill, imposing stricter economic, commercial, and financial blockades on Cuba and threatening to adopt sanctions against countries which provided aid to Cuba. However, this practice was resolutely opposed by the international community. On 24 November, a plenary session of the UN adopted a resolution urging the United States to end its economic, trade, and financial blockades of Cuba.

The precondition for developing countries to achieve economic development is to maintain political stability, but some western countries, out of self-interest, are delighted to see developing countries in turmoil, or even to meddle in those disturbances. They advocate such things as "human rights go beyond national boundaries" and "human rights are more important than autonomy," but in essence these assertions are no more than using "human rights" as a pretext for interfering in the internal affairs of other countries. This kind of power politics is being resisted by many developing countries.

The development of the international situation over the past year indicates that the disintegration of the bipolar pattern has not removed the obstacles to peace and development, which are the two major issues in the world, and that hegemonism and power politics are still haunting us. However, the world wants peace and countries want to develop. This is a common demand of all peoples and an irresistible historical trend.

## United States & Canada

### Li Peng Discusses Ties With U.S. Senators

OW0801094293 Beijing XINHUA in English 0935  
GMT 8 Jan 93

[Text] Beijing, January 8 (XINHUA)—Chinese Premier Li Peng, meeting with U.S. senators today, said that there is no reason for China and the United States not to develop friendly cooperation, which he said is conducive to world peace and stability.

Li made the remarks in separate meetings this morning with Sen. Bennett Johnston and Sen. Daniel K. Akaka, both from the Democratic Party, who are here as guests of the Chinese People's Institute of Foreign Affairs.

As permanent members of the U.N. Security Council, China and the United States share an important responsibility for safeguarding world peace and promoting economic development, a Chinese source quoted Li as saying.

The improvement and development of Sino-U.S. relations not only accord with the fundamental interests of the two peoples, who share a traditional friendship, but also benefit the peace and stability of the world, he said. "There is no reason for China and the United States not to develop a friendly relationship of cooperation."

The Chinese Government attaches big importance to Sino-U.S. ties and is ready to work, along with the U.S. side, towards improved and expanded bilateral relations, based on the principles of their three joint communiques, particularly the principles of mutual respect and non-interference in each other's internal affairs, he said.

This basic position of the Chinese Government is consistent, no matter if it's the Republican Party or the Democratic Party that is in the White House, he said.

Li noted that the economies of the two countries are considerably complementary and bilateral economic and trade relations have gained dramatic expansion in recent years.

The Most-Favored-Nation trading status, which forms a corner-stone of bilateral economic and trade ties, is a reciprocal, mutually-beneficial arrangement between China and the United States, he said. China is ready to continue expanding Sino-U.S. economic and trade ties based on equality and mutual-benefit, he added.

The Chinese source quoted Johnston as saying that his current trip is "singularly" for the improvement and development of U.S.-China relations. After having "very friendly talks" with a range of Chinese personalities, the senator said he is full of confidence for the future of bilateral ties.

Akaka, who visited China on several previous occasions, said that on each trip he would find fresh economic

development in the country and that he is deeply impressed with the Chinese Government's successful running of the economy, according to the same source.

### **Clinton Meets With Economic Team**

*OW0701223193 Beijing XINHUA in English 2144  
GMT 7 Jan 93*

[Text] Washington, January 7 (XINHUA)—U.S. President-elect Clinton summoned leaders of his economic team to Little Rock today to discuss strategies for revitalizing U.S. economy in the face of increasingly troublesome deficit figures.

Although Clinton's nominees for top economic posts frequently talk by phone, it was the first time they have gathered in one place since the president-elect's economic conference in Little Rock last month.

Clinton spokesman George Stephanopoulos said that in today's strategy session, the economic team was examining both the short-term budget outlook and long-term efforts to strengthen the country's economic might.

President George Bush submitted his final budget yesterday, which projected deficits tens of billions of dollars higher than last summer's estimate.

With less than two weeks to go until he takes office, Clinton's challenge is to mesh the latest bleak forecasts with his campaign promises to restore the economy's fundamental strength, increase spending on education, public works projects, and slash the deficit.

Pressed on whether Clinton was backing away from his deficit-reduction pledge, Stephanopoulos said, "We are not backing away from any pledges. All I'm pointing out is that the deficit is much larger than anybody thought 48 hours ago."

But on the exact shape of Clinton's budget package, the spokesman said: "There are several options. They (Clinton and his economic advisers) haven't made any decisions yet."

Within weeks of taking office, Clinton will submit his own budget for fiscal 1994, totally rewriting the one President Bush submitted yesterday.

### **Aspin Cited on Challenges for U.S. Defense**

*OW0701205993 Beijing XINHUA in English 1944  
GMT 7 Jan 93*

[Text] Washington, January 7 (XINHUA)—The United States today faces "two sets of challenges" in national defense, the U.S. Defense Secretary-designate Les Aspin said here this morning.

Speaking at a Senate Armed Services Committee hearing on his confirmation, Aspin said that the two sets of challenges are to maintain the quality of the U.S. forces and the technology advantage and equipment, and to

cope with the four new dangers imposed on the United States by the post-Cold War period.

Describing the four new dangers as "formidable", Aspin, 54 and outgoing chairman of the House Armed Services Committee, said that the end of the Cold War does not mean the end of defense and the old world of bi-polar rigidity has been replaced by a new world of multi-polar complexity.

He then listed the four new dangers and put the new nuclear danger as the first.

START II, which was signed in Moscow early this week, will reduce by nearly two-thirds the nuclear arsenals of the two nuclear superpowers, the United States and Russia, Aspin said.

But at the same time, he pointed out, the threat of small scale or single use of nuclear weapons has increased.

The second danger is from regional-ethnic-religious conflicts, which "do not put the existence (of the) United States at risk," Aspin said. But ethnic and religious violence in the former Yugoslavia threatens the peace of the region and provokes calls for action based on conscience, he added.

"The third danger arises from the possibility of the failure of reform in the former Soviet Union," he said, adding "the rise of dictatorships in the former Soviet republics would likely mean a less peaceful world."

Aspin said that the fourth danger is economic. President-elect Bill Clinton has been eloquent on the need to see our national security interests in the round and economic wellbeing is vital to the U.S. security, he noted.

"In this new era, our first foreign priority and our first domestic priority are one and the same: reviving the economy," he quoted Clinton as saying.

Today, relevant Senate committees also held hearings on three other Clinton's nominees: former Denver Mayor Federico Pena as transportation secretary, Harvard University lecturer Robert Reich as labor secretary, and disabled veterans advocate Jesse Brown as veteran affairs secretary.

Senate hearings on Clinton's cabinet started yesterday with the first being on Commerce Secretary-designate Ronald Brown. The hearings are unofficial because the candidates cannot be nominated until President-elect Bill Clinton is officially sworn in on January 20. But by holding the hearings in advance, the Senate can approve most of the cabinet shortly after Clinton's inauguration.

### **Comments on CIS**

*OW0801091693 Beijing XINHUA in English 0839  
GMT 8 Jan 93*

[Text] Washington, January 7 (XINHUA)—U.S. would-be Defense Secretary Les Aspin said Thursday [7 January] that it is in America's interest to insure that the Commonwealth

of Independent States (CIS) make the transition "from communism to democracy successfully."

Aspin made the remarks in a written answer to dozens of questions put forward to him earlier by Sam Nunn, chairman of the U.S. Senate Armed Services Committee who presided over the committee's hearing Thursday on Aspin's confirmation.

Aspin fully supports Clinton's position with regard to the U.S. strategy towards the CIS countries.

"During the campaign," Aspin said, "President-elect Clinton criticized the Bush administration for lagging in its effort to 'seize this moment in history' and spoke of the need to help Russia and the other CIS countries make a successful transition through a combination of economic, political and security initiatives. I fully support President-elect Clinton's position on this vital objective."

"This is an important national security issue for the United States. It is in our interest to insure that our former adversary makes the transition successfully and that we put the years of nuclear stand-off and super-power rivalry behind us," he added.

Aspin agreed with Nunn that the United States must move quickly to develop a comprehensive strategy to encourage private investment in CIS countries to help them in the transition from planned economy to market economy, to reduce more strategic and other military forces, and to develop stringent controls on export of military technology.

He also said he "would completely agree that achieving prompt and safe dismantling and destruction of strategic nuclear weapons in the former Soviet Union should be a top priority for the United States."

On the use of force, Aspin who had resolutely supported the Gulf War said the United States was still going to have to decide the use of force case by case and should carefully weigh the national interest to be served against the risks involved.

Speaking of the U.S. defense policy guidance, Aspin said it needed a "new agreement with its allies for sharing the costs and risks of maintaining peace."

"But our defense strategy should ensure that we are prepared, if necessary, to act alone if our vital interests are threatened," he said.

Also in his opening speech to the hearing, the 22-year house representative said that with the end of the Cold War, the old world of bi-polar rigidity had been replaced by a new world of multi-polar complexity, and that the United States now faced four "formidable" new dangers.

First, START II, which was signed in Moscow early this week, would reduce by nearly two-thirds of the nuclear arsenals of the United States and Russia by 2003, Aspin said.

But at the same time, the threat of small scale or single use of nuclear weapons had increased, he added.

The second danger, he said, was from regional-ethnic-religious conflicts.

Although the conflicts "do not put the existence of the United States at risk," ethnic and religious violence in the former Yugoslavia threatened the peace of the region and provoked calls for action based on conscience, he said.

The third danger arose from the possibility of failure of reform in the former Soviet Union, he said. The rise of dictatorships in former Soviet republics could likely mean a less peaceful world, he added.

He said the fourth danger was economic.

"In this new era, our first foreign priority and our first domestic priority are one and the same: Reviving economy," he quoted President-elect Clinton as saying.

#### U.S. Firm To Test Phone System in Shandong

OW0701223293 Beijing XINHUA in English 2118  
GMT 7 Jan 93

[Text] New York, January 7 (XINHUA)—Fonic, Inc. in the United States announced today that the supplementary cellular telephone system SCS800 would be turned on for initial network testing in the first quarter of 1993 in Jinan, China.

The SCS800 cellular system will be supplied by Novatel Communications Ltd., Canada's only designer and manufacturer of cellular telephones and wireless communications products.

Fonic is a 13 percent owner in the Jinan city joint venture partnership in China's Shandong Province.

Chou Sui Sheung, chief executive officer of Fonic said his company was very excited about the acceptance and progress of testing SCS800 supplementary system provided by Novatel which is strongly supporting them in promoting its products in the China market.

Meanwhile, the Fonic also announced that its joint venture company, Shenzhen Sunluck Communication Co., Ltd. has been appointed by Liaoyang city post and telecommunications office to set up a cellular telephone system for the city in 1993.

Fonic is in the telecommunications business and involved in the installation and the operation of paging system and cellular telephone system in China. It is a manufacturer and distributor of various consumer electronics products of stereo radio, double cassette recorders, hi-fi amplifiers and receivers, color television and video cassette recorders.

**Central Eurasia****Russian Deputy Premier Discusses Bilateral Ties**

*OW0601135293 Beijing XINHUA Domestic Service in Chinese 0238 GMT 1 Jan 93*

[By reporters Wan Chengcai (8001 2052 2088) and Huang Huizhu (7806 1979 3796)]

[Text] Moscow, 31 Dec (XINHUA)—Russian Deputy Prime Minister Shokhin pointed out that Russia was optimistic about future economic and trade relations between Russia and China. President Yeltsin's recent visit to China showed that the two countries could exploit the great potential for bilateral cooperation. The mutual economic complementarity and the high-level political relations between the two countries, as well as the reforms being undertaken in each country, constitute the guarantee for exploiting this potential.

Deputy Prime Minister Shokhin is in charge of Russia's economic relations with foreign countries and is the Russian chairman of the Sino-Russian Committee for Economic and Technological Cooperation. During an interview with XINHUA reporters on New Year's Eve, he spoke highly of the results of President Yeltsin's visit to China, recalled Sino-Russian economic relations in 1992, and outlined the bright prospects for economic relations between the two countries in 1993.

Shokhin said that the first summit between President Yeltsin and the Chinese leaders had moved the development of Sino-Russian relations to a new level. The 24 documents for cooperation in various spheres, signed during the visit, had opened bright prospects for the big development of Sino-Russian economic relations and laid firm foundations for cooperation in the two countries' similar and mutually complementary economies.

Shokhin pointed out that the protocol on Sino-Russian economic cooperation in 1993 is an important document. Due to the development of relations between the two countries, Sino-Russian trade volume for 1992 exceeded the total volume in 1990 between China and the former Soviet Union.

The agreement under which China will provide commodity loans to Russia will certainly help expand cooperation between the two countries, and there are very good prospects concerning a decision to build a nuclear power plant in China. In addition, Russia will provide China with aviation technology and repair services; Russia will use loans provided by China to buy grain, edible oils, and peanuts.

The deputy prime minister held that the current characteristics of Sino-Russian economic relations were, in addition to the increase in bilateral trade volume, the exploitation and development of new forms of economic cooperation: building joint ventures, cooperation in production, contracts for construction projects, processing with imported materials, and hiring Chinese experts to

work in Russian enterprises. He said that more than 30 Sino-Russian joint ventures are currently in operation. In addition, more than 200 letters of intent on building joint ventures, which include garment factories, leather processing, vegetable processing, and building and running joint venture hotels, hospitals, and catering services, have been signed. In addition, agreements on building joint ventures in China have also been signed.

Deputy Prime Minister Shokhin said that another characteristic of Sino-Russian economic relations was the importance of border and regional trade, the volume of which accounted for about 60 percent of the total volume of trade between the two countries.

The deputy prime minister believed that Sino-Russian economic cooperation will further develop in the new year.

**Commentary on Yeltsin's Visit to China**

*HK080111193 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 1, 4 Jan 93 pp 6-7*

[By Zhou Cipu (0719 1964 2613) and Ding Qilin (0002 0366 2651): "Sino-Russian Relations Enter a New Stage—Commentary on President Yeltsin's China Visit"]

[Text] Russian President Yeltsin ended his whirlwind visit to China and went home satisfied on the morning of 19 December with more than 20 cooperation accords signed by China and Russia.

**A Fruitful Trip**

In a visit that lasted less than 48 hours, President Yeltsin met General Secretary Jiang Zemin and President Yang Shangkun and held talks with Premier Li Peng. After hectic and busy diplomatic activities, the Chinese and Russian leaders again met on the evening of the 18th at Diaoyutai State Guesthouse No. 18 Building. In the big reception hall, imbued with a friendly atmosphere, Presidents Yang Shangkun and Yeltsin signed the Sino-Russian joint declaration that will act as the foundation for further development of bilateral relations. The two governments also signed more than 20 cooperation accords on trade, culture, science and technology, aeronautics, astronautics, energy and so on. For President Yeltsin, this Beijing trip was indeed a fruitful one.

However, according to personnel concerned, before he flew to Beijing, President Yeltsin was not totally sure in his heart if those cooperation drafts he brought along with him could all be signed as he wished. This can be more or less detected from the short speech he gave to Chinese and foreign correspondents upon arriving in Beijing: "It is abnormal for relations between Russia and China, these two great countries and peoples, to remain stagnant and devoid of cooperation. Therefore, we must make every effort to develop mutual trade between the two countries and friendly and cooperative relations in the technological, cultural and other fields."

### A Highly Fruitful Meeting

But 33 hours after he flew into Beijing, President Yeltsin confessed the happiness he felt inside in a cordial farewell meeting with President Yang Shangkun at the State Guesthouse No. 18 Building, the Siji Hall: The visit was a great success. All that I planned to do—in fact more than I wanted—is accomplished. The meetings and talks between the two sides were not formal, but frank and friendly. He again invited President Yang Shangkun to visit Russia and hoped that through high-level exchanges the fruitful dialogue that had begun between Russia and China would continue.

President Yeltsin's short but fruitful visit has ushered in a new era in Sino-Russian relations. As President Yeltsin expounded at the press conference held at the conclusion of his visit: Sino-Russian relations have "entered a new stage and a new era has started," not only because the two countries have resumed the previous friendly relations, but also because of the "entirely new momentum" of mutual trust injected into the relations. The two sides launching cooperation in various areas on the basis of "mutual trust and good-neighborness and friendliness"—this is the chief characteristic of the new type of Sino-Russian relations. The two countries will be building bilateral ties on a solid economic foundation, and economic and trade cooperation between the two sides will be an outstanding aspect of their relations.

China shares a more than 4,000-km border with Russia, and the two peoples have a tradition of friendly exchanges. Today, each of the two countries has its own advantages and they can supplement each other greatly; there is enormous potential for cooperation and the prospects are bright. General Secretary Jiang Zemin said when meeting President Yeltsin at Fangfeiyuan in the Diaoyutai State Guesthouse: Over the last year Sino-Russian relations have made good progress. The prospects for further developing relations between China and Russia based on the principles of noninterference in each other's internal affairs, equality and mutual benefit are very good. Relevant data predict that gross trade volume between China and Russia in 1992 will approach \$5.4 billion, the first time gross foreign trade volume between Beijing and Moscow has ever exceeded the level achieved between the former Soviet Union and China. On the basis of the 20-odd cooperation accords signed between the two sides, the two countries can expect to raise the gross trade volume to \$8 billion in the next two to three years.

Premier Li Peng expressed his happiness at the development of Sino-Russian relations in talks with President Yeltsin. Li Peng said: Following the breakup of the Soviet Union, Sino-Russian relations have not only not ceased, but have developed. "We are pleased with this." He went on to say that on the basis of equality and mutual benefit, economic relations between China and Russia can be expected to develop in the form of multi-layered and multi-channelled cooperation in various areas in a variety of ways. Yeltsin commended

highly Russia's relations with China. He stated explicitly that the development of Sino-Russian relations "is a priority" in Russian foreign relations. He said that Russia treasures the new type of relations built up with China and believes that a strong and unified China is in Russia's interests.

### The Criteria for Developing Sino-Russian Relations

Both China and Russia are world powers and members of the UN Security Council. It goes without saying that the status of Sino-Russian relations will have a direct impact on world stability and development. Of all the documents signed between China and Russia during President Yeltsin's China visit, the Sino-Russian joint declaration providing criteria for bilateral relations has attracted the greatest attention.

The joint declaration announces publicly to the world that China and Russia "see each other as friendly countries" and will develop good-neighborly, friendly, mutually beneficial and cooperative relations. The two sides agreed to maintain regular political dialogue at various levels, including high-level dialogue. The two sides announced that they will respect the right of the peoples of all countries to freely choose the paths of development for their own countries, and stressed that differences in social system and ideology should not obstruct the normal development of state-to-state relations. The two countries also agreed on active consultations on UN affairs and attached importance to consultations and cooperation as between Security Council permanent members on things concerning the UN Security Council.

In the joint declaration, the Russian Federation recognizes the PRC Government as the sole legitimate government of the whole of China, and that Taiwan is an inalienable part of Chinese territory. Russia pledges not to establish official relations or conduct official exchanges with Taiwan.

In the joint declaration, China and Russia state that they will not seek hegemony in Asia, the Pacific region, or any other area in the world; they also oppose any form of hegemonism and power politics; and under no circumstances will they employ nuclear weapons first, or employ, or threaten to employ, nuclear weapons against nuclear-free countries or regions. Both sides oppose any kind of arms race and will work to promote peace, security, stability and prosperity in the Asia-Pacific region, and promote the kind of bilateral and multilateral cooperation plans whose implementation will help strengthen mutual understanding and economic development in the Northeast Asia region.

Concerning military affairs, in the joint declaration China and Russia hold that it is necessary to cut border troop strength to a level that is the lowest possible for normal and good-neighborly bilateral relations; and agree to adopt specific moves to boost trust in border areas and make active efforts to maintain peace and tranquillity. Both sides agree to conduct military exchanges [jun shi jiao liu 6511 0057 0074 3177]

according to conventional international practice in order to strengthen mutual trust and cooperation in the military field.

In the joint declaration, China and Russia have decided to pursue cooperation and exchanges in the economic and trade areas, and in science and technology, environmental protection, culture, art, education, information, tourism, sports, and many other areas.

Obviously the joint declaration is a programmatic document with guiding significance, which provides a solid foundation and reliable guarantee for further developing on all fronts good-neighborness, friendliness and mutually beneficial cooperation between China and Russia. Observers here believe that as long as China and Russia genuinely implement the various principles laid down in the document, Sino-Russian relations will certainly progress smoothly. Development in Sino-Russian relations will be beneficial to the peoples of the two countries, and at the same time will play an active role in promoting Asia-Pacific regional and global peace and development.

#### Gaining a New Understanding of China's Reform and Opening Up

President Yeltsin's trip to Beijing also enabled him to gain a new understanding of China's decade-old reform and opening up. During his visit to China, he repeatedly praised the achievements of China's reform and opening up. He said frankly that he "was very interested in the fact that China's pursuit of reform has been free of turmoil." He admitted that the visit "had changed a great deal his view of this country." President Yeltsin stated that he would absorb China's experience to enrich Russia's reform. He held that China's reform has been "stable, sound, gradual and orderly. This is very important and carries great significance for us."

According to the original itinerary, Yeltsin should have flown to Shenzhen on the 10th for a field trip there to study firsthand the achievements and experiences of China's reform and opening up. But owing to "busy domestic affairs," President Yeltsin ended the visit earlier than scheduled and left Beijing for home. Although he was not able to witness firsthand the appearance of China's first special economic zone to pursue reform and opening up, he "returned home with a good impression" given him by Beijing. President Yeltsin's first visit to China ended with a full catch for him and can be described as a fruitful trip.

#### Belarus Leader Shushkevich Leaves Minsk

*OW0701132993 Beijing XINHUA in English 1317  
GMT 7 Jan 93*

[Text] Minsk, January 7 (XINHUA)—The Chairman of the Belarus Supreme Soviet, Stanislav Shushkevich, left here today for a five-day official visit to China.

Before leaving, he said that the principal purpose for his visit was to promote understanding about China and further the development of relations between their two countries.

China was one of the first countries to recognize Belarus which declared independence on August 25, 1991. Prime minister Vyacheslav Kebich visited China last January when the two countries established formal diplomatic ties.

Among the 11 member of the delegation to China are First Vice-Chairman of the Belarus Supreme Soviet Vyacheslav Kuznetsov and Foreign Minister Petr Kravchanko.

Other leaders of the Belarus Supreme Soviet and high ranking government officials were at the airport to see the delegation off.

#### Visits Xiamen Economic Zone

*OW0801113693 Beijing XINHUA in English 1127  
GMT 8 Jan 93*

[Text] Xiamen, January 8 (XINHUA)—Stanislav Shushkevich, chairman of the Belarus Supreme Soviet, arrived here from Beijing today, starting a two-day visit to this special economic zone.

Shushkevich and his party were accompanied by Zeng Xianlin, chairman of the Chinese Government reception committee and minister of light industry, and leaders of Fujian Province and Xiamen.

The chairman visited Xiamen Bridge, a Taiwan-invested shoe company and a food factory.

#### Southeast Asia & Pacific

##### Radio on Sihanouk Ceasing UNTAC Cooperation

*BK0701132193 Beijing Radio Beijing in Cambodian 1030 GMT 7 Jan 93*

[“Short article”: “His Royal Highness Prince Norodom Sihanouk Has Announced His Decision to Cease Cooperation with UNTAC and Phnom Penh Authorities”]

[Text] Prince Norodom Sihanouk, Cambodia's head of state and chairman of the SNC [Supreme National Council], announced recently that he has decided to cease cooperation with UNTAC [UN Transitional Authority in Cambodia] and the Phnom Penh authorities. In his 4 January letter to UNTAC Chief Yasushi Akashi, Prince Sihanouk explained his decision saying that he has made this decision because of the recent unabashed crimes committed against the innocent FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party which has always abided by the Paris agreement.

The FUNCINPEC party was formed by Prince Sihanouk. Prince Norodom Ranariddh, Prince Sihanouk's son, is presently head of this party.

Since FUNCINPEC is a part of the four parties in the SNC, Prince Ranariddh is also the FUNCINPEC representative in the SNC.

In another letter to Mr. Yasushi Akashi dated 3 January, Prince Sihanouk pointed out that since December 1992, at least nine FUNCINPEC members were killed and 30 others were wounded in armed attacks. UNTAC did not or dared not mention such brutal acts which took place frequently in Cambodia.

At the end of last year, Mr. McNamara, official in charge of the UNTAC human rights section, pointed out that such violent incidents mainly aimed at the newly formed opposition parties. Offices and members of these parties were attacked systematically. These attacks mostly took place in areas controlled by the Phnom Penh regime.

Mr. McNamara said that regional authorities often refused to make any clear investigation after those incidents took place. He added that due to the escalation of such political violence, it was difficult to create a neutral political zone.

Prince Norodom Sihanouk also said that if Cambodia became an insecure and unruly state, how could a truly democratic and legal election be held?

Prince Sihanouk stressed further that he had to force himself to cease cooperation with UNTAC and Phnom Penh authorities.

At present, Prince Norodom Sihanouk is the only statesman that all Cambodian factions and the international community accept. If he refuses to give cooperation, there will certainly be untold obstacles to the settlement of the Cambodian problem.

Mr. Yasushi Akashi cannot ignore this problem. This is why he has planned to come to Beijing tomorrow, 8 January, to hold talks with Prince Norodom Sihanouk who is receiving medical treatment in Beijing. He might be planning to discuss this matter with the prince.

### **Yunnan Repatriates Over 2,000 Lao Refugees**

HK0701093093 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0352 GMT 7 Jan 93

[Text] Kunming, 7 Jan (ZHONGGUO TONGXUN SHE)—Entrusted by the Ministry of Civil Affairs and the Ministry of Foreign Affairs, Yunnan smoothly repatriated 2,060 Lao refugees by nine groups in the period between July 1991 and December 1992.

Since 1978 Yunnan, which borders on Laos, has successively taken and settled down more than 4,000 Lao refugees. Most of them were taken from the refugee camp in Thailand through the UN Office of the High Commissioner for Refugees from 1980 to 1981. Over the past 10 and more years, the Chinese Government and Yunnan provincial authorities have helped the refugees solve many practical problems.

The repatriation was conducted in accordance with the "Agreement on Repatriating the Lao Refugees in China" signed by the Chinese and Lao Governments in April 1991. The representative of the UN Office of the High Commissioner for Refugees in China and the Chinese officials in charge of relevant departments have spoken highly of Yunnan's smooth repatriation of the Lao refugees.

### **Near East & South Asia**

#### **Beijing Reportedly Buys Iraqi MiGs From Iran**

OW0801113093 Tokyo KYODO in English 1055 GMT 8 Jan 93

[Text] Beijing, Jan. 8 KYODO—China is buying an unknown number of Soviet-made MiG-29 fighters from Iran to help Beijing develop a modernized version of its outdated Jian-7 fighter, Western diplomatic sources said Friday [8 January].

The aircraft in question belong to a batch of 115 MiG-29 fighters and 33 civilian aircraft the Iraqi Government transferred to Iran during the August 1990 to February 1991 Persian Gulf war to save them from attacks by the U.S.-led allied forces.

Iran later refused to return the planes and confiscated them as compensation for war damage suffered in the 1980-1988 Iran-Iraq war.

According to the sources, Iran and China reportedly reached an agreement on the planes at the end of last year.

The sources said Iran delivered some of the MiG-29 fighter aircraft already in 1992. In exchange, China will provide Iran with missile technology and a nuclear power station, they said.

China reportedly has problems with the engines of its Jian-7 fighter, a China-made copy of the former Soviet Union's MiG-21.

Beijing, therefore, plans to use the MiG-29 engines to produce a modernized version and to narrow the technological gap between its own fighter program developed in the 1960s and Russian and U.S. advanced combat aircraft, the sources said.

China's original plans to purchase fighter engines and advanced electronic technology in the U.S. were stymied when Washington froze relations in the aftermath of Beijing's military crackdown on pro-democracy demonstrators in June 1989.

In addition to the agreement with Iran, China is currently negotiating with Russia the purchase of about 90 MiG-29 engines, the sources said.

The development of a modernized Jian-7 version has reached its final stage and is close to quantity production, they said.

**Egyptian Foreign Minister on Israeli Deportations**  
*OW0701222093 Beijing XINHUA in English 2108  
GMT 7 Jan 93*

[Text] Cairo, January 7 (XINHUA)—Egyptian Foreign Minister 'Amr Musa said today the doors to reach a peaceful solution to a crisis triggered by Israel's deportation of Palestinians are still open despite a series of failures to persuade Israel to repatriate all the deportees.

He said Egypt will continue to contact Israel, the United Nations' officials and Palestinian leaders [words indistinct] Israel in line with the U.N. Resolution 799, which calls for the immediate repatriation of all the deportees.

After attending President Husni Mubarak's separate meetings with Palestinian leader Yasir 'Arafat and the United Nations General Secretary Butrus Butrus-Ghali, Musa told reporters he could rule out the possibility of a breakthrough on the problem.

He said he would meet with 'Arafat later today to explore what Egypt could do diplomatically to help solve the issue with Israel.

Israel deported 415 Palestinians from the occupied territories to a no-man's land in south Lebanon on December 17 in retaliation for the killing of several Israeli troopers earlier.

Replying to a question if there was a possibility to resolve the crisis without repatriating the deportees, Musa said that they should return home, but he refused to elaborate on proposed solutions.

Musa said the Middle East peace process, the issue of deportation and the Bosnia-Hercegovina crisis were the focus of President's Mubarak discussions with 'Arafat and Butrus-Ghali.

**Political & Social**

**President Yang Shangkun Said To Be in Hospital**

OW0801102393 Tokyo KYODO in English 0956 GMT  
8 Jan 93

[Text] Beijing, Jan. 8 KYODO—Chinese President Yang Shangkun has reportedly entered a Beijing hospital to undergo treatment for an unknown ailment, diplomatic sources said Friday [8 January].

Yang, 85, has been forced to cancel an official engagement scheduled for Saturday when he was to accept the credentials of several new foreign ambassadors, the sources said.

Yang is believed to have entered a military hospital earlier in the week, possibly suffering from a leg complaint.

Contacted by telephone, the Chinese Foreign Ministry declined to comment on whether the diplomatic welcoming ceremony had been postponed.

The sources said Yang's ailment is not thought to be serious and added that he has a reputation for taking the utmost medical precautions at the first sign of discomfort.

**Li Peng Inspects Guangdong Province 'Recently'**

OW0801102693 Beijing XINHUA in English 1010  
GMT 8 Jan 93

[Text] Guangzhou, January 8 (XINHUA)—Premier Li Peng said in Guangdong Province recently that China's coastal areas should make efforts to enhance infrastructural construction.

He stressed the coastal areas should depend on scientific and technological progress to develop competitive products and open up domestic and international markets.

From January 3 to 7, Li made an inspection tour of Guangdong Province in the company of Xie Fei, secretary of Guangdong provincial party committee and Zhu Senlin, governor of Guangdong Province.

Li focused his inspection on infrastructural construction and new technology industry in Guangdong Province. He noted that one year ago, Comrade Deng Xiaoping toured in Guangdong Province and made important remarks, since then Guangdong scored new achievements in reform and opening up as well as in economic construction.

He said that Guangdong is taking the lead in the development in the country and the situation is encouraging.

On the morning of January 4, Li went to visit the Daya Bay Nuclear Station. He said that as one of the largest Sino-foreign joint ventures, the station is the outcome of the reform and opening up and it is constructed according to international standards.

He said that the Central Committee of the Chinese Communist Party set great store in the building of the nuclear station.

He noted that 1993 is a key period in the construction of the station and he expressed the hope that the No. 1 generating unit will go into operation according to schedule. He stressed strict management and safe production.

On the afternoon of the same day, the premier inspected the work site of Yantiangang Port in the northeastern part of Shenzhen. The port is adjacent to the area of Hong Kong and Macao and it will connect Beijing-Guangzhou railway and Beijing-Jiulong railway in future.

After his inspection of the port, Li met Li Ka-shing, chairman of the Cheung Kong (Holdings) Ltd. of Hong Kong, and a representative of Peter K.C. Woo, chairman of The Wharf (Holdings) Limited of Hong Kong. The premier exchanged views with them on the cooperation in the construction of Yantiangang Port.

He noted that more overseas funds will be attracted to infrastructural construction and he urged to promote the work of using overseas funds to a new level.

During the five-day inspection tour, Li also went to construction sites including the Shenzhen Mawan Power Plant, Zhuhai Gaolan port and airport, Zhuhai Hengqin Bridge and Foshan railway station as well as the new and high technology enterprises in Zhuhai, Zhongshan, Shunde and Foshan. He also visited the Shenzhen Stock Exchange.

He said that now China's reform and opening up and economic construction entered a new stage.

He pointed out that one of major restricting factors now in China's economic development is infrastructural facilities.

He urged to improve the investment structure and accelerate infrastructural construction.

He stressed macro-control over the total volume of the loans and credit funds so as to achieve the basic balance of total social supplies and demands.

He urged all localities to practice macro control over the total volume of credit funds while the efficiency of funds utilization is raised so as to ensure healthy development of the national economy as a whole.

He said that enterprises should transform their management mechanism and suit the demands of the market.

Li said that various kinds of markets should be developed so as to set up a socialist market mechanism.

He said that the macro control of the state should be enhanced and improved and the two measures of market and planning be better used.

On the development of the Pearl River delta, Li said that the construction of development zones should be well planned and farmland be less occupied.

He also urged to stabilize agricultural production and make efforts to develop export-oriented agricultural production.

### **Attends Railway Station Inaugural**

*HK0801044893 Hong Kong TA KUNG PAO in Chinese  
8 Jan 93 p 2*

[“Special dispatch” from Foshan: “Li Peng Arrives in Foshan for Inspection, and Cuts the Ribbon at the Inauguration Ceremony of the City’s New Railway Station”]

[Text] Foshan, 7 Jan (TA KUNG PAO)—A grand opening ceremony was held to inaugurate a new railway station in Foshan, and to mark the opening of through-train service between Foshan and Kowloon this afternoon. State Council Premier Li Peng cut the ribbon at the opening ceremony and wrote an inscription to mark the occasion. The first train from Kowloon arrived in the new Foshan railway station, carrying on board passengers from overseas, Hong Kong, and Macao who visited the city to attend the grand ceremony.

Premier Li Peng and his wife arrived at the Foshan railway station around 1600 today, in the company of He Chunlin, deputy secretary general of the State Council; Wang Zhendong, minister of communications; Wang Mengkui, deputy director of the State Council research office; Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong provincial party committee; Zhu Senlin, member of the CPC Central Committee and Guangdong provincial governor; Ou Guangyuan, alternate member of the CPC Central Committee and secretary of the Foshan city party committee; and Zhong Guangchao, Foshan city mayor.

The new Foshan railway station is magnificently built. More than 10,000 pots of blooming flowers were placed inside and outside the station. Colorful silk banners were suspended from balloons flying over the station, carrying slogans which read “Warmly Hail the Opening of Foshan-Kowloon Passenger Through-Train Service,” and so on.

Li Peng and his entourage toured the gorgeous new railway station hall. The premier looked around the hall and made inquiries from time to time. He then went straight to the platform to have a look at the conditions of the Foshan-Kowloon passenger through-train operation. He also heard a briefing by Foshan city vice mayor Liang Shaotang on the operation of the railway station.

In royal spirits, Li Peng told Foshan city party committee secretary Ou Guangyuan: “I visited Foshan in 1988, and I just could not have imagined the great changes which have occurred in this city since then.”

Earlier today, Premier Li Peng inspected Wanjiale Gas Stove Manufacturing Group Limited and Aide Electrical Rice Cooker Plant in Shunde City and Lihua Synthetic Materials Company in Foshan City.

Ribbon cutting ceremonies to mark the completion or start of another 12 projects will be held in Foshan tomorrow morning. Ribbon-cutting ceremonies will be held to inaugurate the following completed projects: the Foshan new port, the Jiangwan flyover on No. 325 national highway, the Foshan additional telecommunications facility project, the Foshan City International Financial Training Center, the Foshan Color Television Kinescope Company, the Guangdong Province No. 2 Light-Duty Refrigerator and Air Conditioner Plant extension project, the Foshan City Library, and the Foshan City Huacai Higher Vocational Training School. Foundation stone laying ceremonies will be held at the construction sites of the Foshan Zhaoyin Hotel, the Foshan Shopping Mall, the Foshan Hospital, and the Foshan Broadcasting and Television Center.

An art performance soiree will be held in Foshan Gymnasium this evening to mark the completion and start of the above 13 projects. Tomorrow night, a carnival will be held and the procession will pass all the major roads and streets in the downtown so that Foshan residents can join the celebration.

### **Reputed ‘Secret Order’ on Dissident Departures**

*HK0801034293 Hong Kong CHENG MING in Chinese  
No 183, 1 Jan 93 pp 29-31*

[Article by Hsiang Ta (0686 6671): “Secret Order on Banishing [liu fang 3177 2397] Dissidents”]

[Text] The Ministry of Public Security on the mainland has received a secret notice from the Commission of Political Science and Law of the CPC. No artificially imposed obstacles should be erected against the people who stubbornly stick to the stand of bourgeois liberalization and claim themselves to be “political dissidents” on the issue of going abroad, and going-abroad formalities should be made easier for some who are highly influential, with the exception of those who should not be allowed to go abroad out of consideration of preventing important party and state secrets from being leaked. Even some individual influential active elements of the 4 June disturbance who have been interrogated, sentenced, and later released, can be encouraged to go abroad on a case-by-case basis.

### **The Advantages of Allowing Dissidents To Go Abroad Outweigh the Disadvantages**

The notice said: Since 1991, the Chinese Government has endorsed the applications for going abroad by a number of the participants of the 4 June disturbance or rebellion through legitimate procedures. At the same time, in line with the principle of revolutionary humanism, a number of the family members of the those who fled the country during the 4 June event have also

been approved to go abroad one after another. Judging from how those people acted and how they were in fact given the cold shoulder abroad and the domestic reaction to this matter, the adoption of this flexible measure has proven to be more advantageous than disadvantageous.

#### **The Notice Holds That the Dissidents Have Very Limited Influence Abroad**

Based on an analysis, the notice said: The situation in the past year showed that although the tens of people favoring bourgeois liberalization who were permitted by the Chinese Government to go abroad did not do as well as expected, and most of them did not change the reactionary stand to which they had stuck for a long time just because they were given treatment under the party's and the government's lenient policy, many facts have proved that the hostile activities they have carried out against the PRC and the Chinese Government have very limited influence. At the same time, pressed by their daily lives, and, moreover, the fact that the economic support given to them by the hostile forces in Western countries as well as in Hong Kong and Taiwan is becoming scarcer and scarcer, only a tiny number of the tens of people favoring bourgeois liberalization who have been allowed by the Chinese Government to go abroad have become leaders of the full-time anticommunist organizations, and most of them can just write anticommunist and anti-Chinese articles at best. Their have meager influence.

#### **If the Dissidents Stay on the Mainland, They Will Do Greater Harm**

The notice said: If these people are allowed to stay at home, in particular, in big cities such as Beijing, Shanghai, and Tianjin, they will become a serious political destabilizing factor. The facts have proved that there are a small number of intellectuals who have obstinately stuck to the bourgeois liberalization stand for a long time in every city. They oppose the socialist system, adopt a hostile attitude toward communist party leadership, and carry out their activities by upholding the banner of supporting reform and opening up in the name of ideological emancipation and academic freedom. Therefore, in dealing with these people who carry out a so-called "legal struggle" against our regime, the Chinese judicial departments cannot, in general, resort to laws out of the need for domestic stability and the necessary consideration of international impressions. This being the case, local public security organs have to spend large amounts of human and material resources in supervising and controlling them. In addition, since these people have a certain influence on young intellectuals and university students, the ideas they propagate are highly demagogic. More often than not, they become highly dangerous central figures in their localities or units who express grievances against the party's leadership and the socialist system.

The notice cited Nanjing's Guo Luoji, Beijing's Wang Ruoshui, and Shanghai's Zhang Weiguo as examples to illustrate the great harm these people do to the PRC regime if allowed to stay at home.

#### **It Poses Hidden Trouble for the Party for Hostile Elements To Do Business**

According to the notice, as streamlining is being carried out successively in central organs, state-level educational and scientific research units, and in all parts of China, some intellectuals stubbornly sticking to the bourgeois liberalization stand should necessarily be removed from their posts as the first targeted persons and asked to make a living for themselves. This principle must be upheld. Streamlining is aimed at supporting no idlers. As such, the enemies of the Communist Party and the socialist system must all the more not be supported. We must analyze problems from this point of view. Therefore, local governments and public security organs must approve applications for going abroad by people favoring bourgeois liberalization who are removed from official jobs in a streamlining scheme and the active elements of the 4 June disturbance or rebellion who were expelled from school. Going abroad is also a way for them to make a living for themselves. A number of the political hostile elements whose names were removed from the rolls by units where they previously worked because of their grave mistakes in bourgeois liberalization or their involvement in the 4 June disturbance or rebellion have now begun to engage in individual or private industrial and commercial businesses, and some of them have become upstarts within a short period of time. By utilizing our policy of reform and opening up to the outside world, they have now made big money and in the future when trouble arises, they may possibly use the economic might which they have accumulated for years to organize political opposition forces. Therefore, considering problems from a long-term viewpoint, it is better to let them go abroad than make money at home.

#### **It Helps Ease Pressure From the International Community for the Dissidents To Go Abroad**

The notice said: Since 1990, the so-called human rights issue has become an important bargaining chip with which Western countries hold negotiations with the Chinese Government in diplomatic, foreign trade, and other issues. The Western countries, led by the United States, frequently intimidate and use coercion against the Chinese Government with human rights as a weapon. Our government's attitude is taking no inference in other countries' internal affairs as the primary principle. However, at the same time, in the diplomatic field, there must also be necessary flexibility to gain great diplomatic space of existence. For example, in 1990, the Chinese Government agreed to Americans taking Fang Lizhi and his wife away from the U.S. Embassy. This was the successful case of adopting a flexible tactic in diplomatic work.

Currently, Western countries attack China's human rights situation in no more than two ways: One is that its citizens cannot go abroad freely and the other is that the political hostile elements currently serving their sentences in jails are said to be "political prisoners." Recently, the central leadership has clearly instructed: There must be no room for compromise in regard with the political hostile elements whom must be punished as stipulated by Chinese criminal law. Otherwise, the country will be thrown into chaos. Nevertheless, when it comes to bourgeois intellectuals who ideologically exclude and even openly oppose the four cardinal principles, so long as they do not make counterrevolutionary and instigative statements at public rallies, it will be not wise to resort to laws in dealing with them.

#### Fleeing the Country Secretly Can Also Be Allowed

The notice said: Immediately following the 4 June event in 1989, a batch of the activists of the counterrevolutionary disturbance or rebellion fled by capitalizing on the chaotic situation. Although China had tightened control over its borders, a small number of criminals at large did succeed in fleeing the country. On the other hand, some of them have been released after being detained and tried or hostile elements whom had been released upon completion of their sentences did go into exile. According to incomplete statistics, in the last three years or so, the number of the counterrevolutionaries who managed to go into exile through illegal channels was more than 500, of whom there were criminal offenders who used political persecution as a pretext. In terms of the current situation, after fleeing from home, these people ran rampant for a time, but they ran out of political clout so soon that the so-called democratic forces in Western countries and the counterrevolutionary forces in Hong Kong and Taiwan became less and less confident in these people. So, in the days to come, if the political hostile elements go to the borders for activity, no strict controls should be imposed on them. If they want to cross the borders, let them do that. One day, the anticommunist and anti-Chinese forces abroad will think that they cannot stand any more, and even reject all the people who flee the Chinese mainland and ask them for the so-called political asylum. Therefore, currently, we should work out an explicit legal provision: If those who flee the country on grounds of seeking political asylum are repatriated by the countries and regions of their destination, they should all be punished according to Chinese treason laws and their cases should be openly announced by the press to the outside world.

#### All Dissident Family Members Should be Allowed To Go Abroad

The notice said: The applications for visits by family members of the hostile elements currently living outside the borders, no matter whether they fled from home through illegal channels or left the country in the past two years with legal passports issued by the Chinese Government, should be granted without exception.

However, before leaving the country, they should go through the formalities of leaving their jobs, if they hold public office, and returning their publicly owned houses. Now, in accordance with the needs of government institutional reform, the central authorities are organizing relevant organizations to discuss and study how the exit and entry management departments coordinate with government institutional reform. For example, in the past, we just stipulated that when receiving exit passports for private purposes, all public officeholders were asked to show canceled residence cards, issued by the units where they worked or by the police station where they lived, to the public security organs which issued their passports and return the certificates of their residence identity cards. In the days to come, study will be conducted on whether there must be an additional stipulation requiring the showing of certificates issued by their units concerning the formalities of leaving their jobs and returning their publicly owned houses. Nevertheless, before the new stipulation is officially promulgated, the hostile elements' family members applying for visits abroad can be asked to observe the stipulation before others.

#### Family Members of Dissidents Who Have Gone Abroad Are Not Allowed To Live in Their Houses

In the last three years, people from the State Education Commission, State Council organs, and other departments reported to the central authorities that some people who fled to the West and betrayed their country organized anti-Chinese and anticommunist groups outside the borders, and even did not hesitate to throw in their lot with the West in opposing the Chinese Government and wantonly carried out anti-Chinese and anticommunist activities together with the anti-communist groups in Hong Kong and Taiwan, thus betraying national interests. However, their former publicly owned houses remain reserved for them. This was naturally quite irrational. With regard to issues of this kind, the central authorities will no longer specially issue any documents. However, in accordance with the party's consistent policy, if the houses in China of the hostile elements living outside the borders are occupied under the names of their family members who are still under public employment, the units where they worked should not take the houses back. But, if the houses are occupied under names of the hostile elements currently living outside the borders, their previous units naturally have the right to take the houses back. This is not political persecution. Any law-abiding citizens must return the houses previously provided by their units if they are transferred therefrom. Of course, as housing reform is being gradually carried out, some dissidents living outside the borders suggested commercializing the houses provided by their former units which they would buy them with their own money. We agreed in principle to this suggestion. They should be treated equally without discrimination in terms of housing prices.

**The Notice Concludes That There is No Way Out for the Dissidents Living Abroad**

The notice said: Recently, a central leading comrade instructed: Our policy of coming and going freely is for the vast numbers of patriotic personnel studying abroad and patriotic Chinese nationals living overseas, and not for the activists of the overseas anticomunist organizations, unless they guarantee that after returning home, they will abandon their reactionary views and not engage in hostile political activities.

At the same time, as far as the participants in the 4 June event in 1989 who were allowed to go abroad in the past one or two years are concerned, if they openly continue to their anti-party and anti-socialist stand outside the borders, they should be denied from returning home. According to a widely circulated notice on relevant information issued by the Chinese side, it has been proved that the anticomunist forces in Hong Kong and Taiwan or in Western countries mobilized this section of people to return home and persist in the so-called "legal struggle." However, among them no one has responded up to this day.

A lot of facts have proved that of the hostile elements, whether they fled the country for exile or left the country legally with approval of the Chinese Government, only a small number have made some money by relying on the financial aid given to them by Western political organizations and Hong Kong and Taiwan anticomunist organizations with ulterior motives, but most are down and out. Some of them even violated the laws of the countries where they are now living because of their hard life or unfairness in booty sharing [fen zang 0433 6368] among them, thus becoming wretches whom no country is willing to accept and who will find no place of shelter. Recently, not long after he applied with the United States for political asylum, an exile committed a crime and was put in jail. Later on, he accepted the condition put forth by the U.S. police, that is, if he leaves the United States on schedule, he will be exempted from prosecution. However, when he again applied with other Western countries for political asylum, not a single country approved his application. At last, he himself expressed his willingness to return home. The U.S. side has contacted a Chinese diplomatic mission on the case, but the Chinese side rejected it flatly. Our attitude is clear and definite: In those years, you regarded these people as the so-called "democracy elites" and later on when you saw their true colors after the events, you want to return them to us. Is there really such a cheap thing in the world? All Chinese exiles who violate the laws of the countries where they are living should be punished according to the countries' laws. And then, the Chinese judicial organs will consider extraditing and letting them serve their sentences in China in accordance with relevant international laws. Is the U.S. Government not specially fond of considering itself to be the "human rights guardian" and granting political asylum to the

political hostile elements who flee their socialist countries for exile in the United States? Ultimately, it has now come to know the bad of its own doing.

**Overseas Pro-Democracy Organizations Are Smeared as Having Gotten Nowhere**

In taking up the matter with the United States, the Chinese side has very clearly stated: The seeking for the so-called political asylum by the Chinese exiles in the United States and other countries is a violation of the relevant Chinese laws. If they apply to the Chinese side to return home in their own names and take initiative in pleading guilty, the Chinese Government will possibly not continue to investigate and affix criminal responsibility, but this refers to a lenient policy and does not mean that the Chinese Government does not have the right to continue to sue them in legal terms.

Based on analysis, the notice said: Some comrades said that they could not comprehend the Chinese Government's approval of letting a number of political hostile elements go abroad and deemed it the same as "letting the tiger return to the mountain." In fact, this is a completely uncalled-for worry. In reality, when these hostile elements are at home, they are no "tigers" at all, and just capitalize on the loopholes of our party's policy of reform and opening up and principle of academic freedom. When they are abroad, they have to live on the foreign financial aid, completely degenerating into stray curs without independent human dignity. The talk of "letting the tiger return to the mountain" is out of the question.

Although the current opposition organizations claim to have rich resources, they have only very few activists. In terms of the overall situation, Western bourgeois politicians have not entertained hopes of and even do not have a very good opinion of the so-called "overseas pro-democracy movement." The anticomunist forces in Hong Kong and Taiwan have more and more complaints against them. A lot of material has proved that more and more students studying abroad and patriotic overseas Chinese who had economically supported the "overseas pro-democracy movement," because they could not comprehend for the time being the resolute measures taken by China during the 4 June event in 1989, have clearly seen the true colors of those "elites." As far as the "elites" themselves are concerned, some who still more or less have backbone have begun to seek a livelihood for themselves, and those who superficially cannot drop their airs are still living a self-pitying life by relying on alms which are diminishing year after year. A prominent overseas reactionary organization figure said in lament: The economic situation of the overseas pro-democracy movement was previously getting worse and worse with each passing year, and now there are new arrivals coming from China almost every day. Our limited funds seem all the more to be not enough to go around. This also proved that our approval of the hostile elements at home to go abroad, after all, is the best thing to do. The facts have proved that even though all hostile

elements at home are allowed to go abroad to participate in the "overseas pro-democracy movement," we should not worry that they would form a macroclimate.

According to an account from the Ministry of Public Security, not many copies of the secret notice were printed. Leaders of the ministry were asked to convey the notice verbally to lower levels so that exit and entry management departments will have a good grasp of it in the course of implementation.

### Promotion of Political 'Modernization' Urged

*HK0601064993 Beijing GUANGMING RIBAO in Chinese 14 Dec 92 p 3*

[Article by Bao Xinjian (0545 1800 7003): "Actively Promote Socialist Political Modernization"]

[Text] The answer to the question of whether politics can experience the appropriate modernization transformation with the development of economic and social modernization will directly affect the modernization process of the entire society. Without modernization transformation in the political field, the realization of a complete social modernization will become almost impossible. We should by no means regard political transformation as an expedient or emergency measure but should place political transformation in the general trend of social modernization and give it adequate attention.

When discussing China's reform and development tasks in the 1990's in his report at the 14th party congress, Comrade Jiang Zemin also pointed out that, in order to meet the needs of economic restructuring and development, it is necessary—in accordance with the requirement of closely combining democratization and legalization—to vigorously transform the political system and build up socialist democratic politics with Chinese characteristics.

The foundation and key content of social modernization development is the development of economic modernization. This is a fundamental reason why economic modernization, which is based on industrialization and urbanization and is exemplified by new technology and information revolutions, can become a common goal for contemporary mankind. The development of economic modernization in any country and region in both modern and contemporary times is by no means isolated and simple, however, and modernization transformation in the economic field will inevitably call for corresponding modernization transformation in the political field. Otherwise, once economic transformation has reached a certain level, it will find it difficult to continue to develop in depth. In contemporary times, the efficiency of economic transformation and the speed of economic development is to a great extent decided by whether resolute actions can be taken to carry out political transformation and whether we can give play to its positive impact on economic transformation.

Two major factors are affecting the world's social modernization process today: political transformation either lags behind economic transformation or disturbs and thus affects the process of economic development.

Political relations are the most vital of all social relations, as the coordination of political relations can play a crucial role on the coordination of relations throughout society. Political relations represent and reflect the fundamental interests of different classes, social strata, and social groups, which are determined by their respective economic standings. Although those who engage themselves in political activities by profession are only a minority of representative figures in each class and social stratum, all members of society actually relate themselves to political activities in one way or another. Socialist society is still a political society, and the members of such a society are "parts" of certain political relations. Therefore, to attain a coordinated development of social relations and to avoid the emergence of adverse forces during a period of great social changes as much as possible, the most important thing is to make readjustments to political relations. To a society, the coordination and management of politics means, in essence, the readjustment of political relations.

The term political relations has extremely broad implications, including relations between political parties, between ruling and non-ruling parties, between the ruling party and the government, between the state and society, between state organs and people, and between different state organs. All these relations constitute a complicated political system which aims not simply at politics itself but at the entire society. At any time, the political system is faced with different social interests and requirements, as well as the contradictions and conflicts arising therefrom. The fundamental function of the political system is to use various means and policies to unify society's different interests and needs, satisfy the basic requirements commonly shared by all parts of society, enhance the consensus on coordinating social development, and thus bring about as great a unified political power as possible, which will prove instrumental to the development of social modernization. It is obvious that such a function is not possessed by any autocratic political systems or political systems with a low level of democracy. To perform such a function, efforts should be made to carry out political modernization transformation and build up political relations with a high degree of democracy. The positive and negative experiences of contemporary socialist development have clearly shown that, during the complicated process of socialist modernization development, socialism itself is also faced with political relations that aim to change traditions and to constantly reinforce the functions of the socialist political system in coordinating and unifying economic and social transformations. Only by setting up a political system with a high degree of democracy which can reflect in depth the essential requirements of changes in social relations can we adroitly guide the people in accordance with the needs of

different social interests, mediate once and for all contradictions and conflicts that arise during social transformation, enhance popular consensus, and bring about a unified power to push forward social modernization. Seen from the angle of coordinating economic and social relations in reform, such political modernization transformation is not only indispensable but should be developed as a leading force. If political modernization transformation continues to lag behind, both economic transformation and transformation in other social fields will produce sharpening contradictions and conflicts in a period of great change, thus lengthening "the throes period" of social modernization.

As a process of social transformation with man as its main subject and motive power, social modernization should have a conscious direction for development. With regard to social modernization development in different countries of the world, a common development direction is to make our earth richer and more civilized, to enable all of mankind to enter a new realm wherein all people can enjoy the material and spiritual wealth they have created to their hearts' content, give free rein to their abilities, and attain development in a comprehensive way. This is the general direction and overall development trend of social modernization. The general direction and development trend cannot, however, be substituted for the concrete directions and trends of modernization development in different countries and regions. It is impossible for social modernization under different social systems to develop toward an identical direction, and some of these social modernizations are even totally different in essence. The modernization development of capitalism has lasted for over 300 years, yet, during a considerably long period of time, the richness and civilization of the minority were achieved at the cost of pauperizing and fooling the majority. Although such a process has, objectively speaking, pushed the modernization development of the entire society forward, such development still serves the interests of the minority, judging from the conscious direction of social development. Such a development trend of capitalist modernization is determined by the true nature of the capitalist system. The fundamental aim of the development of socialist modernization is to enable all the people to become rich and civilized as soon as possible. During the development process of socialist modernization, we do not rule out the possibility of adopting some interim policies favorable to a minority of people, yet these policies are by no means the fundamental direction of social modernization development but are merely tactics for speeding up society's development.

#### Article Urges Political Structural Reform

HK050111093 Beijing WEILAI YU FAZHAN  
[FUTURE AND DEVELOPMENT] in Chinese No. 5.  
Oct 92 pp 7-9

[Article by Yu Haocheng (0060 3185 2052): "Some Views and Expectations of China's Reform"]

[Text] This year marks the third year of the 1990's. The period from now until the end of this century is a crucial one as to whether our country's modernization endeavor becomes a great success or a complete failure. All facts have shown that it is necessary to carry on firmly with reform and opening up in order to realize our country's modernization rapidly and build China into a democratic, strong, and prosperous modern state. To continue with the pre-reform socialist pattern of closed-door policy and self-imposed stagnation and to go down the wrong path of the past, or to return to the old ways after having introduced reforms, will simply lead to a dead end.

More than a decade of reforms in our country have brought universally acknowledged accomplishments. No one can deny this, and the great significance of this event is becoming even more clear to people following the dramatic changes in the situation in the former Soviet Union and the Eastern European socialist countries in the last year or two. Some people attributed the relative stability in our country's political situation to the iron-handed policy taken by the Chinese party and government with regard the political upheaval which took place at the juncture of spring and summer in 1989. In fact, this is a rather superficial viewpoint. They fail to see that the reason for this lies fundamentally in that the decade-long reform has indeed borne results, that people have gained real benefits from the reform, and that even though they are extremely dissatisfied with special privileges, official corruption, corruption, lack of democracy and justice, and other phenomena, they are still willing to adopt a tolerant wait-and-see attitude.

It is for this reason that when we conduct a comprehensive and correct assessment of our country's reform over the past decade, we cannot refrain from pointing out that its shortcoming, or rather its main flaw, lies precisely in our failure to carry out political structural reform simultaneously with our vigorous promotion of economic structural reform, much less speak of theoretical preparation and media propaganda and mobilization carried out in relation to the political structural reform before and during the early days of the reform.

Back in late 1978, the communique of the Third Plenary Session of the 11th CPC Central Committee had already pointed out: "To realize the four modernizations, it is necessary to raise productive forces dramatically, and it is thus also necessary to change from various aspects the productive relations and superstructure which are incompatible with the growth of productive forces, and to change all unsuitable management styles, operational styles, and ideological styles. It is therefore an extensive and broad revolution." The need to "change from various aspects the productive relations and superstructure which are incompatible with the growth of productive forces" referred to here obviously means it is necessary to carry out reform in the economic system as well as in the political system, particularly in a socialist state like China where it has always been a case of "politics determining everything." In fact, just as the U.S. scholar

Zou Dang pointed out a few years ago: It is basically impossible for countries under "totalism" [quan neng zhu yi 0356 5174 0031 5030] (totalism) [preceding word published in English] to engage in economic structural reform and not in political structural reform. (The capitalist mode of production can grow out of feudal society and develop, but the socialist mode of production can only begin after the establishment of a socialist political power.) On the basis of exposing and criticizing the ten years of chaos of the "Cultural Revolution" and the "leftist" errors of the party in the past, the Third Plenary Session of the 11th CPC Central Committee decided to shift the focus of work of the party and the entire country to economic construction, and at the same time, it spelled out the guideline of developing socialist democracy and bolstering the socialist legal system. Obviously, the development of democracy and the strengthening of the legal system is inseparable from the reform of the political system.

The speech delivered by Deng Xiaoping at an enlarged meeting of the Political Bureau and endorsed by the CPC Central Committee's Political Bureau in August 1980—"On the Reform of the System of Party and State Leadership"—may be said to be a programmatic document in the implementation of political structural reform in our country. The speech pointed out: "As far as the leadership and the cadre systems of our party and state are concerned, the major problems are bureaucracy, over-concentration of power, patriarchal methods, life tenure in leading posts, and privileges of various kinds." And these defects all "bear the stamp of feudalism to one degree or another"; hence, it is "essential to state clearly that we must continue to labor at the task of eliminating the surviving feudal influences in the ideological and political fields," "we must stress the need to effectively restructure and improve the systems of the party and state in such a way as to ensure institutionally the practice of democracy in political life, in economic management, and in all other aspects of social activity, and thus to promote the smooth progress of modernization." (*Selected Works of Deng Xiaoping*, 1975-82)

However, this speech, which was endorsed by the Political Bureau of the Central Committee, was in effect not carried out earnestly. Just four months after this speech was delivered, a central work conference was held in December of that year in light of the lessons from the Solidarity issue in Poland, and an important guideline of "further restructuring in terms of the economy and further consolidation of stability and unity in terms of politics" was established. Since then, several struggles to "oppose bourgeois liberalization" and "eliminate spiritual pollution" were waged, and while the need to carry out political structural reform is still mentioned in certain conference documents as well as speeches by leading cadres, such as the report of the 13th CPC National Congress which stated that the long term objective of political structural reform was to establish an efficient and vibrant socialist political system with a high degree of democracy and a comprehensive legal system,

in effect, political stability or the so-called stability and unity has always been put in the first place. Political structural reform inches forward ever so slowly and makes no advances, and instances where things which have been reformed are returned to their old ways have even occurred. Stagnation in the political structural reform cannot but create a negative effect and impact on the overall reform, and particularly at the present time when the reform needs to be further deepened, the lack of harmony resulting from being tough on one hand (economic reform) and soft on the other hand (political reform) has become more prominent and visible. Herein lies the principal problem which explains why people are not fully optimistic about the prospect of reform in our country nor entirely confident of its inevitable triumph. Because economic reform does not have the consolidation and guarantee provided by political reform, people are not fully assured that they will not wake up one day to find that all the achievements from years of reform have been wiped out by the powers that be in the name of "defending socialism" and "preserving the purity of communism." Such concerns are absolutely not imaginary. Following the dramatic changes in the former Soviet Union and Eastern Europe from 1989 to 1991, did some people not in effect change the "economic construction as center" as stipulated in the party's basic line of "one center, two basic points" which was in turn decided at the 13th party congress into "opposition to peaceful evolution as the center," and almost drag the whole country back to that lifeless political situation where "opinions are uniform"?

The reason for this condition is related to the wrong understanding that some people in our country, particularly a handful of leading cadres, have regarding the question of democracy.

One is to confuse democracy with anarchy. The excesses of the Cultural Revolution, where "it is right to rebel" and lawlessness prevailed, were construed to be "great democracy"; then the democratic activities carried out by the people within the confines of the Constitution and laws were regarded as "riots." In fact, anarchy is a form of punishment to bureaucratism and a reaction to totalitarianism [ji quan zhu yi 2817 2938 0031 5030], and has nothing in common with genuine democracy. All turmoils and excesses are precisely the result of a lack of democracy, and not a case of "excessive democracy." The relationship between cause and effect is very clear here, and absolutely cannot be distorted in any way. Hence, it is necessary to carry out democracy in order to achieve genuine political stability and unity, and not the other way around. A situation where ten thousand horses are muted and neither crows nor sparrows can be heard actually carries the seed of immense danger. This kind of situation cannot be sustained for long, and who knows; one day, "thunder may be heard in the place of silence."

Two is a fear of democracy which is regarded as a "great scourge." To this day, when we talk about whether or not to absorb and borrow the advanced experiences of developed capitalist countries in relation to the reform and

opening up, we are always restricted to science and technology, and at most, we include their management methods. But their political and cultural things should absolutely not be absorbed nor emulated because of the differences in class nature. This tendency to "give preference to natural science over liberal arts" is no different from the statement by Mao Zedong during the Cultural Revolution: "It is still necessary to operate universities, and I refer mainly to universities of sciences and engineering." This is actually another version of the "Chinese learning for the essential principle, and Western learning for practical application" of the late Qing dynasty rulers. In fact, principle and application are basically inseparable, as the people from the early days had said. A few years ago, the theoretical circle in our country raised the question of reunderstanding capitalism, proposing not only a reunderstanding of the capitalist economy, but also the need to reunderstand capitalist politics. Our reform and opening up should be carried out from all directions; they should not be restricted only to the economic field, as both the political and cultural fields should also be open. It should be noted that class confrontation should not be put in terms of absolutes, for in addition to class confrontation, mankind also shares many other things. For countries which have had long years of deep-seated feudal history and which have not experienced the sweeping changes brought about by a bourgeois democratic revolution, democracy, freedom, equality, love, emancipation of the individuality, humanism [ren dao zhu yi 0086 6670 0031 5030], and others are still objectives of struggles which have to be achieved. Just as commodity economy is a stage which cannot be skipped over in the development of society, democratic politics is also a stage which cannot be skipped over. It is not possible to arrive at socialism and communism without going through democracy and humanism [ren dao zhu yi 0086 6670 0031 5030].

Three is that some people underestimate the political consciousness of the masses, maintaining always that the conditions for the implementation of democracy in China are still not ripe, and that the establishment of democratic politics remains a remote thing of the future. To cater to the fear of democracy of a handful of leading cadres (perhaps this can be described as a "phobia of the people"), some people from the theoretical circle came up with a ridiculous proposal, that is, the so-called "neo-authoritarianism" [xin quan wei zhu yi 2450 2938 1218 0031 5030]. They cited the case of the four little dragons of Asia to prove that economic takeoff is possible under a totalitarian [ji quan zhu yi tong zhi 2817 2938 0031 5030 4827 3112] rule. Some politicians from other countries have also vigorously promoted this kind of nation-building method. For instance, in his book, *The Path of Our Country* (1970), former South Korean President Pak Chong-hui stated: "An irrefutable fact is: Comparatively speaking, what the people of Asia today are afraid of most of all are hunger and poverty, not the various kinds of intolerable restrictions forcibly imposed by totalitarians [ji quan zhu yi zhe 2817 2938 0031 5030

5074]. The people of Asia want, first of all, to obtain economic equality, and only then will they demand a more just political system. To people living in hunger and desperation, democracy is totally meaningless." Regarding this absurd theory of "neo-authoritarianism," this writer has already written articles to rebuke it and there is no need to repeat them here. Pointing out the following fact is sufficient: Should the military fascist rule of Burma, which openly shows contempt of and tramples upon human rights, be tolerated by the people of Burma?

Things are just as it was stated in the political report of the 13th party congress: "The launching and deepening of economic structural reform presents an increasingly pressing need to reform the political system. The process of developing a socialist commodity economy should also be a process of establishing socialist democratic politics. It is not possible to achieve final success in economic structural reform unless political structural reform is also carried out." We sincerely hope that the coming 14th CPC National Congress will examine the implementation of this aforementioned passage in order to benefit the launching and deepening of reforms.

### Comparison on Scientist Calling For Democracy

HK0501092093

Beijing WEILAI YU FAZHAN in Chinese No 5, published in October 1992, carries on pages 5 to 7 a 2,800-character article by Xu Liangying [6079 5328 5391] entitled: "Reform Cannot Possibly Succeed Without Political Democracy." This version has been compared with the Hong Kong CHIUSHIH NIENTAI Chinese version, published in the Political & Social section of the 4 January 1993 China DAILY REPORT, beginning on page 28, under the headline "Scientist Calls for Political Democracy," and found to be identical except for the following variations:

Page 28, first column, first paragraph of item, make first sentence read: ...[Text] With the gigantic changes in East Europe and the Soviet Union.... (picking up first sentence of second paragraph, deleting first paragraph)

Same page, same column, second paragraph, last sentence, make read: ...victory for science, democracy, and reason. [new graf]

As far back as 1915, Chen Duxiu.... (picking up first sentence of third full paragraph, deleting subhead)

Same page, second column, partial paragraph at top of column, fourth line, make read: ...in the Chinese mainland, starting 50 years later. This was a kind of "retrogression".... (noting variant wording)

Same column, first full paragraph, from end of fourth sentence, make read: ...by tremendous resistance. Particularly after the 1989 Tiananmen incident which shocked China and the world, the slogans of democracy and freedom were regarded as.... (noting variant wording)

Same paragraph, from end of last sentence, make read: ...to the powers that be, causing people with lofty ideals to sigh over this state of affairs. [new graf]

Now the wind of "reform" has again.... (picking up second full paragraph of second column, page 28, noting variant wording and deletion of subhead)

Page 29, first column, partial paragraph at top of column, from second line, make read: ...the roots and catalysts of social turmoil. [new graf]

If human beings were only.... (picking up first full paragraph of column, deleting subhead)

Same page, same column, second full paragraph of column, penultimate sentence, make read: ...air from the outside world. This echoes the "Chinese learning.... (noting variant wording)

Same paragraph, from end of last sentence, reads: ...is doomed to end in failure. [new graf]

In this connection, it is necessary.... (picking up first line of partial paragraph at bottom of first column, page 29, deleting subhead)

Page 29, column two, first full paragraph of column, first sentence, make read: ...used and interpreted reform as the "perfection" of a certain system. This is a.... (noting variant wording)

Same paragraph, fifth sentence, make read: ...proved the falsehood of this "unity" and "perfection." Closed-door "perfection" is antagonistic to open-door reform.... (noting variant wording)

Same paragraph, from end of last sentence, make read: ...can only be a dream. [new graf]

In short, in order to carry out.... (picking up first sentence of second full paragraph of column, deleting subhead)

Page 30, column one, from end of partial paragraph at top of column, make read: ...and remarks can regain freedom. [new graf]

The history of the influx and spread... (picking up first full paragraph of column, deleting subhead)

### **Li Ruihuan, Bo Yibo Meet Encyclopedia Compilers**

OW0701040893 Beijing XINHUA Domestic Service in Chinese 0809 GMT 6 Jan 93

[Excerpts] Beijing, 6 Jan (XINHUA)—The beginning of the monumental work of writing the 30 million-word *Encyclopedia of Chinese Culture* was formally announced here today. [passage omitted]

The compilation of the magnum opus is being organized and led by the Chinese Culture Research Society and it will be published by the CPC Central Committee Party School in 1995. [passage omitted]

Li Ruihuan, Bo Yibo, Xiao Ke, Chen Xilian, Lei Jie-qiong, and Wang Guangying today met with compilers and editors of the *Encyclopedia of Chinese Culture* at the auditorium of the National Committee of the Chinese People's Political Consultative Conference, and expressed their congratulations for the beginning of this monumental work. [passage omitted]

[Beijing XINHUA Domestic Service in Chinese at 1535 GMT on 6 January transmits a service message canceling the above item and replacing it with the following:

[(Excerpt) Beijing, 6 Jan (XINHUA)—The beginning of the writing of our country's first magnum opus—*Encyclopedia of Chinese Culture*—to comprehensively sum up Chinese culture from ancient to modern times, was formally announced here today. Li Ruihuan, Bo Yibo, and others met with compilers and editors of the *Encyclopedia of Chinese Culture* at the auditorium of the National Committee of the Chinese People's Political Consultative Conference. (passage omitted)]

### **Official Says Many Residential Areas in 'Poor Shape'**

HK0801022693 Beijing CHINA DAILY in English 8 Jan 93 p 1

[Article by staff reporter: "Urban Residential Areas in 'Poor Shape'"]

[Text] Urgent action is needed to improve urban residential areas in China, many of which are in "poor shape," Zhou Ganzhi, Vice-Minister of Construction said yesterday.

Zhou blamed poor management for undesirable conditions in a number of recently-built residential areas.

The problem has led to many complaints from residents, and caused considerable economic losses, Zhou added.

"A remarkable progress was achieved in housing designing and construction in the past decade, which increased urban per capita living space to 7.3 square metres," he said.

But many residential areas are now "in a poor shape," even a few years after they were occupied, Zhou said at a conference in Beijing yesterday.

The vice-minister said that through the past decade China had put great emphasis on the development of urban residential areas, featuring sanitary conditions, a green environment and adequate social services.

Such well-designed residential areas, averaging over 50,000 square metres each, have now reached a total of 4,000 across the country. Many have cinemas, scientific and cultural centres, and even swimming pools, according to Zhou.

Since about 20,000 additional residential areas will be built in the country before 2000, "it is imperative to improve the management of such areas," Zhou told the conference.

In order to improve the management of residential areas, Zhou's ministry has drafted a new code of standard for residential areas, and urged local governments to use every possible means to improve the management mechanism.

The national conference on the management of residential areas began yesterday and will end today.

## Science & Technology

### Wen Jiabao Urges Better Science Fund System

OW0601143793 Beijing XINHUA in English 1414  
GMT 6 Jan 93

[Text] Beijing, January 6 (XINHUA)—Wen Jiabao, an alternate member of the Political Bureau of the Central Committee of the Chinese Communist Party, has urged an improvement in the science fund system in a bid to promote the development of the natural sciences.

He urged the strengthening of research into basic science as well as the relations between such research and the application of science and technology.

The natural science fund system is the outcome of the reform of the science and technology system, which started 11 years ago.

With the combination of science, technology and economic development, the basic sciences have become one of the important factors promoting the development of society and the economy, he noted.

Wen said that the government will make policies to provide better working and living conditions for people involved in research into basic sciences and the government will allocate funds to guarantee the research.

### Aerodynamics Center Conducts Advanced Research

OW0701194393 Beijing XINHUA Domestic Service in Chinese 0558 GMT 4 Jan 93

[Report by JIEFANGJUN BAO reporter Bie Yixun (0446 5030 8113) and XINHUA reporter Jia Yong (6328 3057)]

[Text] Beijing, 4 Jan (XINHUA)—At the advent of the new year, a responsible individual in charge of technological matters at the China Aerodynamics Research and Development Center stated here: Because of achievements in various areas of aviation and space technology over the past year, our country's research and experimentation in the field of aerodynamics has reached advanced international levels.

The extent of a nation's aerodynamics research determines its level of aviation and space technology development. Aerodynamics is a scientific and technological discipline that directly provides important data for the design and development of aircraft, missiles, satellites, rockets, and various modern flying devices. According to this responsible individual, the China Aerodynamics Research and Development Center, located in Mianyang, Sichuan, has built low-speed, transonic, supersonic, and ultra high-speed wind tunnels. It is the front-runner in Asia in terms of its scale of development, experimentation, and research capability.

Our country started aerodynamics research in the early 1960's. Since reform and opening up, the China Aerodynamics Research and Development Center has achieved more than 400 major scientific research findings. These findings have not only provided crucial technical support for our country's successful launch of 36 satellites, but they also have played an important role in upgrading our country's aviation and space technology to international levels. They are extensively applied to all sectors of the national economy. For instance, the country has achieved breakthroughs in technological research in spray-painting robots that are capable of six-directional movement, high-speed trains, skyscrapers, long-span bridges, ultra-microjet pulverizers [chao wei qi liu fen suiji 6389 1792 3049 3177 4720 4295 2623], and ultrasound crushers for medical uses. Many of these projects have attained international levels.

This center conducts technological exchanges and cooperation with more than 20 countries, including the United States, Japan, Germany, France, and Russia. It exports many high technology products and technologies to other countries.

## Military

### Journal on Military Commission's Zhang Zhen

HK0701131493 Hong Kong TANGTAI in Chinese No 21, 15 Dec 92 pp 44-47

[Article by He Pin (0149 7340) and Kao Hsin (7559 2450): "Zhang Zhen Emerges as Unexpected Winner"]

[Text] Perhaps the most unexpected personnel arrangement from the 14th CPC National Congress was the sudden return of Zhang Zhen from the CPC's Central Advisory Commission to the Central Committee and his appointment as vice chairman of the Central Military Commission. This was unexpected by almost all "China observers" in the world because, prior to this arrangement, none of them predicted it. We can even say that the name of Zhang Zhen was neglected by almost all of them.

### Inferred Reasons for Zhang Zhen's Emergence As Unexpected Winner

The following can be inferred from Zhang Zhen's appointment as vice chairman of the Central Military Commission: —Coming from the Third Field Army and having once worked as a colleague of Ye Fei (vice chairman of the Standing Committee of the National People's Congress [NPC] and former Navy commander); Zhang Aiping (former defense minister); and Ji Pengfei (former vice premier of the State Council, director of the Hong Kong and Macao Affairs Office, and vice chairman of the NPC Standing Committee); in the Fourth Division of the New Fourth Army and the Northern Jiangsu Military Corps, and as assistant to Liao Hansheng (vice chairman of the NPC), and Yang Dezhi (former chief of general staff), he has very close private relations with them. His promotion is conducive in balancing relations among various factions within the Army.

—He has a high military rank. As early as 1955, he was conferred the rank of lieutenant general (Liu Huqing was then conferred the rank of major general). In 1988, he became one of the 17 generals.

—He is the only general on the active list who has participated in all important battles, including the war against encirclement and suppression in Jiangxi, the Long March, the War of Resistance Against Japanese Aggression, the war between the CPC and the Kuomintang [KMT], and the Korean war. Moreover, together with Su Yu, he once commanded 500,000 Third Field Army troops, thus having practical experience of commanding large-scale combat forces.

—Having successively held the posts of first director of the Operation Department of the General Staff Headquarters, deputy commander of the Wuhan Military Region, director of the General Logistics Department, member of the Central Military Commission, and deputy chief of the general staff, he is familiar with military affairs and has rich experiences.

—Having been in charge of the work of military academies and schools for a long time, he has good personal relations to serve as the basis for taking charge of the work of the Central Military Commission, because quite a few generals and high-ranking military officers in various large military regions, group armies, and various arms and services are his students.

—He is healthy and relatively open-minded.

### First Commandant of National Defense University

While in the post of deputy chief of general staff, Zhang Zhen was also in charge of the work of military academies and schools. At a meeting of the Central Military Commission, he said the method of military training in the fields of military, political, and logistics affairs was unable to suit the needs of the Army's modernization drive. This idea was appreciated by Deng Xiaoping. In

May 1985, instructed by Deng Xiaoping, Zhang Zhen took charge of preparations to set up a comprehensive and supreme military academy, the National Defense University.

In just six months, Zhang Zhen merged the original Military Academy of the People's Liberation Army [PLA], the Political Academy, and the Logistics Academy into a comprehensive military academy and announced the establishment of the National Defense University. Deng Xiaoping wrote the following inscription for it: "Education should be geared to the needs of modernization and should face the world and the future." This inscription has now been put on a huge horizontal board mounted on the second floor of the university's general office.

After Zhang Zhen was appointed first commandant of the National Defense University, some foreign commentators believed that a full stop had been put on his military career. No one ever expected that this would become a basis for his return to power to hold a more important post.

### Training Modern Military Personnel

According to a XINHUA report, the purpose of establishing the National Defense University, as summed up by Zhang Zhen, was as follows: The key to accelerating the modernization of national defense lies in training large numbers of qualified personnel, especially senior commanders who are familiar with modern military affairs. At present, a new technological revolution is taking place in the world. Military science and technology are developing every day, and a series of major improvements have been achieved and will continue to be achieved in strategy and military tactics. In modern warfare, the senior Army commanders must master "advanced knowledge and various techniques." They must have strategic brains and be capable of commanding combined operations. They must take charge of political, military, and logistical work comprehensively.... Therefore, it is imperative to make the senior commanders' training system suit the demands of the new situation.

The university opened in September 1986. Its basic task is to train military, political, and logistics commanders, senior staff officers, and senior theoretical researchers above the group army level from the ground forces, the Navy, and the Air Force, as well as leading cadres from the relevant local and state departments. The Department of National Defense Research recruits students from among military officers above the army corps commander level and government officials above the section- and bureau-chief level in provincial and national organs, to study matters concerning national defense construction. The Basic Department recruits students from among commanders at the division (brigade) level and directors of the divisional (brigade's) logistics departments to train military, political, and logistics commanders at the group army level. It also

recruits students from among military officers holding considerably high posts in provincial military districts and military institutes and schools so that they can obtain new knowledge and increase their ability. The length of training is one year for each course. The graduate institute recruits military officers who have graduated from universities and have been in military service for at least one year to train command, theoretical research, and educational personnel with a master or doctor's degree. By the end of 1989, the university had an educational and scientific research contingent comprising over 400 teachers and dozens of professional researchers.

#### "Whampoa Military Academy" of the 1990's

The National Defense University is regarded by some military personnel within the CPC as the "Whampoa Military Academy" of the 1990's. In the first term, the university recruited more than 540 students. Over the past six years since its establishment, a total of 3,127 students have graduated from the university. Of these, 87 are now holding high-level policymaking or leadership posts in various large military regions and headquarters, and more than 80 postgraduates with a master's degree in military science have been appointed to important policymaking and theoretical research departments. The leading military cadres above the army corps level have now all been trained in the National Defense University (according to a XINHUA report on 22 August). More than 1,000 senior CPC military officers, including Fu Quanyou and Zhang Wannian, who were promoted as members of the Central Military Commission at the 14th CPC National Congress; Liu Jingsong, commander of the Shenyang Military Region; Li Jilong, commander of the Chengdu Military Region; and Zhang Taiheng, deputy commander of the Nanjing Military Region (former deputy commander of the Chengdu Military Region), are all Zhang Zhen's students. They now hold important commanding posts in various regions, forming an important force supporting Zhang Zhen's work in the Central Military Commission.

The National Defense University is also engaged in the study of relevant strategies and the modernization of national defense. It plays a consultation role in Central Military Commission policymaking and the various general departments of the PLA. Over the past five years or so, the university has presented nearly 10,000 advisory proposals for the Central Military Commission and other departments, publishing 380 monographs and 5,700 theses. It has thus become an important policymaking brain trust for the Central Military Commission.

The CPC news media once unexpectedly carried a report on the situation of reform in the National Defense University, in which it was clearly pointed out: Being the highest level of the PLA's three-level training structure, the National Defense University is training senior cadres for modernization of the People's Army in the latter period of the 1990's and the early 2000's. These cadres

must be "jacks-of-all-trade" who are capable of leading military, political, and logistics work comprehensively.

#### High, New, Wide, and Deep

Zhang Zhen has set strict demands on education reform in the university, which can be summed up in the four Chinese characters meaning high, new, wide, and deep.

High refers to the high starting point of the courses offered. In order to carry out high-level training, the main task is to study strategy and campaigns, that is, to study national strategy from the high starting point of international strategy so that China's comprehensive national strength can be used to safeguard national security and interests and then, with this as guidance, to study the problems of campaigns.

New means making use of the latest information and achievements in modern science and technology and military science to enrich university education.

Wide means enabling the students to learn all necessary knowledge for a senior military, political, and logistics commander of the Navy, the ground forces, or the Air Force.

Deep means grasping the essentials and stressing the main points of various courses, striving for accuracy when presenting viewpoints and convincing people by reasoning when discussing academic questions.

To implement these principles in teaching, the National Defense University offers more than 100 new courses and has compiled more than 200 kinds of new teaching materials.

The National Defense University also takes as a starting point of education reform the exploitation of intellectual resources among the students and increasing the senior cadres' ability to develop strategies, policy decisions, and analysis while regarding more decisionmaking power in both teaching and learning as a breakthrough in improving teaching methods. This contrasts sharply with the rigid and conservative teaching methods of the military academies in the past. One-third of the courses it offers are elective courses for the students. In teaching, because the methods of self-study and self-research are encouraged, the time for lectures has been reduced from 30 percent of the entire teaching time to about 15 percent. To enable the teachers to pass on the newest academic viewpoints and the latest information on national defense construction to the students, the teachers are allowed to make liberal arrangements of their lecture time and to select suitable lecture methods by themselves within the range of the syllabus in respect of the lecture content and time and in light of the teaching situation. They are allowed to adopt the views of various schools in their lectures and to lecture on their latest research achievements and the viewpoints under dispute. At the same time, contention is also encouraged.

### **Run the University in the Form of Opening to the Outside**

Departing from its previous long-term practice of making a mystery of military education, the National Defense University is now being run in the form of opening to the outside. It has even invited foreign military leaders, experts, and scholars to give lectures; carried out academic exchanges both at home and abroad; and sent cadres, teaching and research personnel, and students to other countries, in a planned way, for the purpose of carrying out investigations or to give lectures.

Immediately after its establishment, a reception was held by the National Defense University to give an all-around presentation of the university's basic situation, and it was attended by 35 foreign military attaches to China. This aroused the attention of the military circles in various countries. The university has received a total of more than 1,200 visitors in 197 delegations from more than 50 countries on five continents, and has sent 74 persons in 16 groups to nine foreign countries to carry out investigations, give lectures, or attend international academic meetings. It has also invited foreign military leaders and well-known experts and scholars to give 43 lectures on the campus, which were attended by more than 8,000 people. At the same time, more than 700 people have attended the 95 academic discussions it has held. These contacts enable the National Defense University to know and assimilate the latest achievements and information about the world's military science in good time and effectively promoted the university's education and scientific research. (LIAOWANG OVERSEAS EDITION, 1 January 1990)

### **University Influences Abroad**

In 1987, Zhang Zhen led a delegation to visit the United States. They visited the U.S. National Defense University and the Pacific and the Atlantic Headquarters of the U.S. forces. Many U.S. experiences and practices were then used as references by the National Defense University in its teaching and scientific research. After their Pakistan visit, the first batch of students in the Research Department gained a deeper and more practical understanding of the Afghan issue, the Indian-Pakistani relationship, and the Southeast Asian situation. At the end of 1989, General Li Desheng, then university political commissar, led a delegation to visit Italy's Advanced Defense Center and France's Higher National Defense Research Institute.

By opening to the outside world, the influence of the National Defense University in the international community has also increased. The CPC's propaganda material once carried some appraisals made by foreign generals on the National Defense University. Former U.S. Defense Secretary Weinberger said: "I feel greatly honored by my visit to your university because, like the U.S. National Defense University, your university is playing an important and valuable role in your country's army

building." He also said: "I was deeply impressed by the academic level of the Chinese students, which was reflected by the questions they raised." Many foreign experts praised the teaching and facilities of the National Defense University. After his visit to the university, General Samuelson, chief of the Intelligence Department of the Swedish General Staff Headquarters, said: "Both the way you briefed us on the situation and the established purposes of the courses offered was very vivid and very effective." After returning to his own country, General Laximuding [la xi mu ding 2139 1585 1191 0002], former Pakistani Senate chairman, sent a letter to the university, which said: "Our visit to your university was really marvelous. Your facilities for research and study environment are unforgettable."

### **Taking Charge of Routine Military Affairs**

After the "4 June" incident, Li Desheng, who was once vice chairman of the Central Military Commission, suddenly resigned from his post as National Defense University political commissar. Rumors spread in society that this had something to do with his opposition to the "4 June" suppression. On 18 May, 1990, Zhang Zhen replaced him as political commissar of the university.

The commandant of the National Defense University often visits classes to see how teachers give their lectures. He believes that this not only encourages the teachers but is also helpful to himself. Every time he wants to visit a class, he goes there 15 minutes before it starts and, when the teacher is speaking, he never says a word. After class, he has a discussion with both the teachers and students on an equal basis.

In the new disarmament rounds, there have been comparatively greater changes in the CPC's military academies and schools. About 20 of the 100 military academies and schools will be closed. Although the National Defense University and the Academy of Military Sciences will be "strengthened," their leading personnel will be replaced. Originally, people thought that because of his advanced age, Zhang Zhen, commandant and political commissar of the National Defense University, would retire. Unexpectedly, at the 14th CPC National Congress, he was elected a member of the CPC Central Committee and vice chairman of the Central Military Commission.

### **Plain Living and Being Fond of Reading**

Zhang Zhen has many children. Zhang Lianyang, one of his sons, once worked in the PLA Academy of Logistics. His wife, Han Yueqiao, is a movie actress who took the leading role in the movie, "The Girl Who Carries a Tray." A report by ZHONGGUO XINWEN SHE particularly emphasized: Zhang Zhen has set very strict demands on himself. He never allows his family members to use his car, which is provided by the state for official business. He likes walking and usually has simple food and drink. Noodles are his favorite for dinner.

Zhang Zhen's greatest hobby is reading. He likes to read mostly military books. He also often writes books. His works include "Candle-Like Defense," "Comrade Peng Xuefeng, My Good Teacher and Helpful Friend," "Wise Prediction and Correct Campaign Policy," and "Reminiscences of the Huaihai Campaign."

Because of his seniority, his good personal relations within the Army, and his steady and open work style, he is able to take charge of routine military affairs at the age of nearly 80. Liu Huaqing, another vice chairman of the Central Military Commission, may possibly transfer more power to Zhang Zhen, because he is not as healthy as Zhang although he is two years younger and his position is a bit higher.

### Commentator Stresses Cadres' Exemplary Role

HK0801100093 Beijing JIEFANGJUN BAO in Chinese  
11 Dec 92 p 1

[Commentator's article: "Leading Cadres Must Take the Lead in Carrying Forward the Fine Traditions—Eleventh Discussion on Carrying Forward the Fine Traditions and Retaining the True Qualities of the Old Red Army"]

[Text] In carrying forward the fine traditions and maintaining the true colors of the old Red Army, the exemplary role of leadership at various levels, especially old comrades, is the key. Our leading cadres and old comrades must be fully conscious of their own historical responsibility, take the lead in inheriting and carrying forward the Army's fine traditions, and playing the role of passing on experiences, giving help, and setting an example for newcomers.

There is particularly significant in emphasizing this issue today. Our army building is in a period of historical change, and the old contingent of cadres is being replaced with the new. There are increasingly fewer old comrades who have experienced wars in leading posts today, with the overwhelming majority of cadres growing up in peacetime. Both cadres and soldiers at the grassroots are very young and lack systematic in-depth understanding of our Army's fine traditions. Fine traditions are to be inherited and carried forward by men. Leading cadres, especially old comrades, have undergone party education for a long time, and boast rich experiences in army life. Many comrades went through the severe tests of revolutionary wars, and grew up in the nurture of fine traditions and style. They are the ones who practice and embody our Army's fine traditions and style; thus they have the greatest say in inheriting and carrying them forward. At an enlarged meeting of the Military Commission of the CPC Central Committee in 1975, Comrade Deng Xiaoping spoke in a grave tone with sincerity: "The responsibility for running the military forces falls, first of all, on comrades attending this meeting or, more broadly, on principal leading comrades at the army level and above. It will be possible to preserve all the fine traditions of our party and to have a

high degree of unity and combat-worthiness in the People's Liberation Army if these comrades do a good job." Reviewing this exposition of Comrade Deng Xiaoping's by linking it to the Army's actual conditions today, we find that it shines with all the more cordiality. It remains an exposition of very realistic guiding significance. Our leading cadres and old comrades must have a deep grasp of Comrade Deng Xiaoping's earnest instruction and a clear picture of their glorious mission, live up to great expectations, and take up the great historical responsibility for passing on experiences, giving help, and setting an example for newcomers. In taking the lead to advance the fine traditions, earnestly doing a good job of passing on experiences, giving help, and setting an example for newcomers, leading cadres and old comrades should teach by personal example as well as verbal instruction. A proverb goes: "Actions speak louder than words." Personal example is a silent order, and is the most eloquent with the greatest appeal at that. Old comrades generally share the following experiences: When they were first recruited, they had very little idea about every aspect of the army and they gradually learned the fine traditions and style of the People's Army, with old comrades setting a good example for them; while following suit, they were imperceptibly influenced by what they constantly saw and heard. Today, when we talk about passing on experiences, giving help, and setting an example for newcomers, the most important point lies in "actions." More often than not, younger comrades watch and learn the fine traditions and style of leading cadres and old comrades. "If one's behavior is spotless, one's subordinates will follow suit without any orders; otherwise, they will not obey even in the presence of an order." When old comrades set a good example, they will affect and bring along the troops, and the fine traditions will be inherited and carried forward in public opinion and in an atmosphere characterized by mutual education, effect, supervision, and setting an example for each other with imperceptible influences. In our Army, new comrades are forever replacing their old counterparts. The new comrades of yesterday have become old comrades of today. When ordinary cadres of yesterday are appointed to leading posts, they will have to bear responsibility in leadership. Passing on experiences, giving help, and setting an example for newcomers should be handed down from one generation to another like a relay baton. In a certain sense, a unit's condition in inheriting and carrying forward the fine traditions and style precisely mirrors the exemplary role of the very unit's leading cadres. The "personal example" of leading cadres and old comrades has a bearing on the image of their own generation, the next generation, and whether or not the fine traditions and style are able to be passed down from one generation to another in the Army.

While taking the lead in carrying forward the fine traditions, leading cadres and old comrades should play an exemplary role in obeying the party, serving the people heart and soul, working hard, seeking truth from facts, augmenting building clean government, and playing an exemplary role in every aspect to set an

example for the troops. This is an extremely important requirement on leading cadres and old comrades in augmenting army building as well as a long-term major plan that has a bearing on army building during the new historical stage. Our Army's fine traditions took shape under certain historical conditions; they have developed, and will continue to develop, along with the Army's pace of progress in various historical stages. In passing on experiences, giving help, and playing an exemplary role for newcomers, we should do a good job of linking the inheritance of fine traditions and style to the spirit of the times today and in the future. This precisely calls for us to earnestly study the series of principles and policies of the Central Committee and Central Military Commission on augmenting army building as well as Comrade Deng Xiaoping's thinking on army building during the new historical stage, to focus our attention on studying new conditions and issues, and to be good at discovering and summarizing the new mass practice and experiences, while continuously adding new content to the fine traditions and style according to new practice. In this way, inheritance and blazing new trails will be unified in a dialectical way, with new trails blazed in inheritance, and development in blazing new trails. Our passing on experiences, giving help, and setting an example for newcomers will maintain the colors of the old Red Army, while the work itself will be rich in the spirit of the times, full of vigor and vitality.

### Hunan Leaders Attend Double Support Drive Rally

HK0801101493 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 28 Dec 92

[Excerpts] Nearly 2,000 soldiers and civilians from the provincial capital gathered solemnly at the auditorium of the provincial military district yesterday to mark the 50th anniversary of the double support movement. They also extended greetings to the troops based in Changsha.

Provincial party, government, and military leaders including Xiong Qingquan [provincial party secretary]; Chen Banzhu [provincial governor]; Liu Zheng; Dong Zhiwen; Pang Weiqiang; Wu Yunchang; Wang Keying; He Yaodong; Liu Zhongshan, political commissar of the University of Science and Technology for National Defense; Liu Tingying, political department director of the provincial military district; old Red Army soldiers Wang Zhongcheng, Liu Zhanrong; and others were present at the meeting.

The meeting was presided over by Dong Zhiwen, member of the standing committee of the provincial party committee and vice governor, while Chen Banzhu, provincial party deputy secretary and provincial governor, delivered a warm and enthusiastic speech.

On behalf of provincial party committee and provincial government, Chen Banzhu first extended warm greetings to the officers and men of the People's Liberation Army as well as armed police troops based in Hunan, families of soldiers and martyrs around the province, disabled

revolutionary soldiers, demobilized soldiers and military personnel transferred to civilian work, and cadres who have either retired or stepped down from the army. He said: Since the Third Plenary Session of the 11th CPC, our province has made great achievements in its double support work with a surge in popular double support activities. New developments were made in the launching of activities related to double support model cities and towns. The settlement of families of martyrs and soldiers is becoming socialized, systematized, and regular. He also fully affirmed the contributions by the Hunan-based troops in supporting the province's reform, opening, and economic construction, poverty-alleviation work, relief and rescue operations, maintenance of social order, and assistance in key construction projects. [passage omitted]

In his speech, Pang Weiqiang, member of the standing committee of the provincial party committee and commander of the provincial military district, said: Hunan-based troops should foster the Army's glorious tradition of supporting the government and cherishing the people, submit themselves to the overall interest of economic construction, and actively support and take part in the reform, opening, and construction endeavors of the places in which they are based under the premise of completing their combat training and education as soldiers to make new contributions in promoting the reform and opening as well as Hunan's economic development.

At yesterday's meeting, the provincial government also presented gifts to a dozen of units from the PLA troops and armed police forces based in Changsha.

### Zhejiang Holds Armament Committee Meeting

OW0701110893 Hangzhou ZHEJIANG RIBAO in Chinese 16 Dec 92 p 1

[Report by Wang Yonggui (3076 3057 6311), Lou Jirong (2869 6930 2837), and Jiang Mingjian (5592 2494 0256): "Strengthen Building a National Defense Reserve Force; Promote Reform, Opening Up, and Economic Development—Work Meeting of the Provincial Armed Forces Committee Held in Hangzhou"]

[Text] The work meeting of the provincial People's Armed Forces Committee was held in Hangzhou from 12 through 14 December. The meeting attendees reviewed the situation of the people's armament work this year and studied and arranged for efforts to accelerate reform and opening up, as well as efforts to further strengthen our country's construction of the national defense reserve force.

Ge Hongsheng, chairman of the provincial People's Armed Forces Committee and deputy secretary of the provincial party committee, presided over the meeting. Li Zemin, secretary of the provincial party committee and first secretary of the provincial military district party committee, addressed the meeting. Major-General

Yang Shijie, commander of the provincial military district, made a report on "Work Pertaining to the People's Armed Forces in 1992," and "Suggestions Concerning Work in 1993."

Comrades attending the meeting agreed that the situation on work pertaining to the people's armed forces in our province is good. Its main features are defining the guiding ideology for managing the militia with the emphasis on economic construction; achieving notable results in carrying out activities to "attain the three standards;" and making new headway in coastal defense and urban militia work; and have the militia reserve units play an active role in accelerating reform and opening up, as well as in reinvigorating Zhejiang's economy. These achievements were made as a result of the efforts made by party committees at all levels in carrying forward the fine tradition of the armed forces under the management of the party and as a result of strengthening leadership. They were also the results of the hard struggle and strenuous efforts made by military organs at all levels throughout the province, as well as by the broad masses of militia and reserve personnel. The meeting attendees decided that next year's work of the armed forces in our province should earnestly implement the series of instructions given by Comrade Deng Xiaoping concerning the ideology for army building during the new period, as well as those given by the Central Party Committee and the Central Military Commission on militia and reserve unit work during the new period. We should persist in attaching importance to construction along the coastal areas and the building of a reserve force and urban militia; continue to launch activities to "attain the three standards;" and resolutely ensure the implementation of the various tasks. We should make particular efforts to study in depth the guidelines of the 14th CPC National Congress; use the theory on building socialism with Chinese characteristics to arm the minds of the entire people's armed forces, as well as the broad masses of militia and reserve units; and enhance their consciousness and resolve to implement the party's basic line. We must further carry forward the fine tradition of our party and our Army, work harder, strengthen military and political training of our militia and reserve units to raise the standards and quality of training to a higher level, and continuously strive to enhance the qualities of their political ideology as well as their military tactics. It is also necessary to give full play to the superiority of our militia and reserve units, and to contribute to promoting reform in enterprises, improving economic efficiency, enhancing the development of the tertiary industry, as well as to accelerating the development of our islands and mountain areas.

Li Zemin spoke on upholding the party's leadership over armed forces work and on further strengthening the building of Zhejiang's reserve force in national defense during the new era. He said: In the face of the complicated international situation, party committees and governments at all levels, and particularly leading cadres, must remain sober-minded and always bear in mind the

experience and lessons in history of deviating from the center of economic construction, which happened because of certain international and domestic events. We must eliminate all kinds of interferences, seize the opportunities, and make efforts to boost the economy. At the same time, we must firmly establish the concept of not forgetting danger in time of peace, disorder in times of orderly rule, precautions during prosperity, and destruction during existence; and we must fully understand the importance of doing a good job in militia work and reserve service from the strategic viewpoint of maintaining long-term peace and stability in the country. In accordance with the overall demands of the 14th party Congress and the party Central Committee, calling for efforts to "strengthen and not to weaken militia work" during the new era, we must strengthen leadership over militia work and promote coordinated development between national defense and the economy. To strengthen leadership over armed forces work, party committee must always emphasize discussing major issues, controlling the course, promoting reform, grasping the fundamentals, and solving problems. We must ensure that the party and state principles on building the reserve force for national defense will be implemented; ensure that militia and reserve units will always be qualified politically; and ensure that the militia and reserve force will develop healthily, thereby creating a favorable external environment for carrying out people's armament work. He stressed: While paying attention to building militia and reserve units, we must bring into full play the leading role of these contingents in reform and opening up, their role as the mainstay in accelerating economic development, their role as guards in defending social security, their role as a model in building spiritual civilization and in double-support work, and their role as a force to be mobilized for labor to fulfill urgent, tough, dangerous, and important missions, thereby contributing to quickening the pace of reform, opening up, and development in our province and elevating its economy to new heights in the 1990's.

Among those attending the meeting were provincial party, government, and military leaders, including Liu Feng, Wang Qichao, Xu Xingguan, Sun Jiaxian, Liu Xirong, Chen Yuexing, Wang Changgui, Yuan Xinghua, Chen Lijiu; city and prefectural party committee secretaries, mayors, and commissioners; county (city and district) party committee secretaries, as well as responsible comrades of the provincial People's Armed Forces Committee and the relevant departments.

### Economic & Agricultural

#### MOFERT Minister Li Lanqing Addresses Issues

##### Reacts to U.S. Arms Sales to Taiwan

HK0701142593 Hong Kong AFP in English 1353 GMT  
7 Jan 93

[Text] Beijing, Jan 7 (AFP)—China indicated Thursday [7 January] it was still considering reprisals against the United States for authorising the sale of 150 F-16 combat aircraft to Taiwan.

"We strongly oppose any country selling arms to Taiwan. The United States is no exception," Minister of Foreign Economic Relations and Trade Li Lanqing told a press conference, adding that Beijing "will make the appropriate response" when the conditions were right.

China has ordered France to close by January 23 its consulate general and trade expansion office in Guangzhou and barred French firms from taking part in constructing an underground railway in the southern city after Paris agreed to sell Taiwan 60 Mirage 2000-5 jet fighters for 3.8 billion dollars.

However, it has so far taken no concrete steps against the United States since Washington announced it was to sell Taiwan 150 F-16s. Instead, Beijing has bought two million tonnes of wheat and a satellite from the United States and there has been a noticeable improvement in bilateral relations in recent weeks.

Li said that China could not be held responsible for the condition of Sino-French relations but refused to say whether Beijing was considering further retaliation.

Earlier Thursday, foreign ministry spokesman Wu Jianmin said that France was solely responsible for the deterioration of ties with China.

"The French government's official approval of the sale of these fighter jets to Taiwan has seriously worsened the relations between China and France and heavily damaged the basis of these relations," he said.

According to Wu, when the Chinese Government asked French authorities to confirm whether the sale of planes had been approved, "the answer through diplomatic channels that came back was: 'Yes.'"

However, observers underlined that no official French confirmation had been made public by Thursday.

French Minister of Industry and External Trade Dominique Strauss-Kahn said Tuesday negotiations on the Mirage sales were "progressing."

"It is natural it (the sale) causes serious effects and consequences and the French side should be held entirely responsible for all the consequences," Wu said.

Paris has said it "regretted" the Chinese decision to order the closure of its mission in Guangzhou.

Wu said he had not been informed of any upcoming meeting between French Foreign Minister Roland Dumas and his Chinese counterpart Qian Qichen.

Qian is scheduled to be in Paris on January 13 to sign a UN convention on chemical weapons.

Strauss-Kahn has said it would be "unacceptable" that France and the United States be treated differently by the Chinese Government. But Wu said, without elaborating, that there was a "different historical background" between the U.S. and French sales which explained the difference in treatment.

On preparations by Washington and Taipei to sign an accord on bilateral trade, Wu said China was "opposed to the signing of any agreement of an official nature between any country having diplomatic relations with China and Taiwan."

### Reports Record High Trade Volume

OW0701141893 Beijing XINHUA in English 1347  
GMT 7 Jan 93

[Text] Beijing, January 7 (XINHUA)—China's total trade volume in the past year reached 165.63 billion U.S. dollars-worth, over 20 percent higher than in the previous year.

Of this, exports stood at 85 billion U.S. dollars-worth while imports came to 80.63 billion U.S. dollars-worth, up 18.3 percent and 26.4 percent, respectively, over the 1991 figures. Minister of Foreign Economic Relations and Trade Li Lanqing said here today.

Li revealed this here this evening at a new year's reception sponsored by the Information Office under the State Council.

He said that while exports grew, imports picked up by big margins. The growth rate for imports was 8.1 percentage points higher than that for exports.

Imports from many countries and regions, especially from neighbouring ones, posted fairly significant rates of growth, he said.

In the January-November period China's imports from the Republic of Korea went up by 132.3 percent over the same 1991 period, imports from Russia grew by 60 percent, imports from Taiwan province increased by 55 percent and imports from Japan increased by 34.3 percent.

Meanwhile, imports from Hong Kong, the European Community, the United States, the ASEAN countries, Africa and Oceania went up by over 10 percent in the first 11 months of last year.

On the development of China's foreign trade, Li said that, on the precondition of maintaining necessary foreign exchange reserves, China would adhere to the principle of pursuing a balanced import and export structure, to expand export business, improve the structure of export products and to upgrade and improve the product quality.

Meanwhile, China will also increase its import by an appropriate margin, he said.

"Seen from the development trend of the first two years of the Eighth Five-Year (1991-1995) Plan, we think that our import volume will surpass the projected 300 billion U.S. dollars during this five-year plan period," Li said.

The import volume of the two years reached more than 140 billion U.S. dollars.

"With the further deepening of China's reform on foreign trade system, foreign products will have more access to the Chinese market," he said.

The expanding import fields include mainly agro-science and technology, chemical fertilizer, raw material, energy, communications, transportations and the high-tech needed by enterprise technological innovation.

### Foreign Investment, Capital Use Up

OW0701145293 Beijing XINHUA in English 1427  
GMT 7 Jan 93

[Text] Beijing, January 7 (XINHUA)—China saw more big foreign-invested projects beginning last year while its pace of using foreign capital accelerated, a Chinese trade minister said here today.

China approved over 40,000 foreign investment projects in the first eleven months of last year, bringing the country's total number of joint ventures to 80,000.

Li Lanqing, minister of foreign economic relations and trade, said that developing towards introducing large-sized projects was one of the major features of the development of China's foreign economic relations and trade in 1992.

China has approved a number of projects with huge investment and high technology, such as the Citroen Automobile Co. Ltd with a total investment of 729 million U.S. dollars and an annual output capacity of 150,000 sedan cars and the Guangzhou Pearl River Electric Silicon Co. Ltd with a total investment of about 400 million U.S. dollars.

Besides, China also approved some projects introducing technology, each with a contracted value of over 100 million U.S. dollars, including the arch dam contract for the Er Tan Power Station project in southwest China's Sichuan Province and the cooperative production project for trunk line planes for Shanghai Airline Corporation, both involving a contracted value of 900 million U.S. dollars.

Li said that contracted and labor service projects with over 100 million U.S. dollars have also increased.

The minister said that China encourages foreign investment in infrastructure, basic industries and technological renovations of existing enterprises as well as in those capital and technology intensive industries.

China will also provide opportunities for foreign investors to compete in China's domestic markets for projects with high and new technology, he said.

With some experimentation, the minister said, China will gradually open such areas as banking, commerce, tourism and real estate for foreign investment.

### Predicts 'Quicker Reform' for 1993

HK0801032193 Beijing CHINA DAILY in English 8  
Jan 93 p 1

[Article by staff reporter Liu Dizhong: "A Buoyant New Era for Trade and Investment"]

[Text] China's developing market economy is expected to give a new impetus to foreign trade and open more areas for overseas investment.

Li Lanqing, Minister of Foreign Economic Relations and Trade (Mofert), predicted yesterday that 1993 would see a quicker reform of the nation's foreign economic and trade system, opening wider of the country to the outside world and greater development of foreign trade.

These are all goals China is striving for as part of a socialist market economic system.

The minister told about 200 Chinese and foreign journalists at a New Year reception given by the Information Office under the State Council that China would take measures to attract more foreign capital and open such areas as banking, commerce, tourism and real estate for overseas investment.

Noting that China's foreign trade maintained the momentum of high speed growth over the past few years, the minister said the total import and export volume of the country in 1992 reached \$165.63 billion, an increase of 22.1 percent over the previous year.

Of this, he said, exports stood at \$85 billion and imports at \$80.63 billion, up 18.3 percent and 26.4 percent respectively.

China has established economic and trade relations with 221 countries and regions throughout the world, forming a diversified foreign trade pattern. However, he said, last year saw "a significant growth" in imports from neighbouring countries and regions.

In the January-November period, for instance, imports from the Republic of Korea increased by 132.3 percent; from Russian Federation 65.1 percent; from Japan 34.3 percent; from Taiwan 55.6 percent and from Hong Kong 17.1 percent.

The total trade volume with Russian Federation was up to more than \$5 billion last year, surpassing the record volume with the former Soviet Union.

Last year also saw an increase of imports from the United States and European Community, up 11.1 percent and 12.1 percent respectively in the January-November period.

Li, a newly-elected member of the Party's Political Bureau, pledged that China's total import volume would surpass \$300 billion in the Eighth-Year Plan period (1991-95).

Imports in the next few years will focus on products in such fields as water conservancy projects, chemical fertilizers, pesticides, raw materials, transportation and telecommunications, said Li, adding that advanced technology and equipment are also included to meet the needs for updating the nation's industrial enterprises.

In order to increase imports, he said, China has drastically reduced some tariff rates and accelerated reforms on the import control system. "With the further deepening of China's reform of the foreign trade regime, foreign products will have more access to the Chinese market," he said.

At the reception, the newly-appointed director of the Information Office, Zeng Jianhui, declared that his office has been authorised to hold press conferences to release information of the State Council on a regular basis—twice a month for the time being. Leading government officials will be invited to release information or answer questions given by Chinese and foreign journalist at the conferences.

However, he added, the information to be released by his office will focus only on domestic issues, while information concerning diplomatic and international affairs will remain to be addressed by the Ministry of Foreign Affairs.

### **Denies Impending Job Change**

HK0801015293 Hong Kong SOUTH CHINA MORNING POST in English 8 Jan 93 p 12

[Article by Geoffrey Crothall in Beijing]

[Text] China's Minister for Foreign Economic Relations and Trade, Mr Li Lanqing, yesterday denied reports he would soon resign from his job to take over control of the Government's economic policy super-agency, the Economic and Trade Office (ETO) from Vice-Premier, Mr Zhu Rongji.

"I am not prepared to resign my post. At present, I am still doing my very best at my job and go to the office at 8 am each morning," Mr Li told journalists at a reception in Beijing's Great Hall of the People last night.

It had been reported that Mr Zhu would soon vacate his seat as head of the ETO but maintain the overall economic policy portfolio in the politburo standing committee. Mr Li, it was said, would be made director of the ETO and be promoted to vice-premier after the Lunar New Year and that his deputy at the ministry, Ms Wu Yi, would take over as minister.

Ms Wu, who led China's negotiations with the United States on the protection of intellectual property rights, is widely seen as a rising star in government circles and is believed to have the strong backing of President Mr Yang Shangkun. Mr Li, who was promoted to the politburo at the Communist Party's 14th Congress in October, also played down suggestions that President Yang's half brother, General Yang Baibing, had been

boycotting politburo meetings in protest at his dismissal from all military posts within the party hierarchy.

"As a member of the politburo, I naturally have attended each and every meeting. When I attended politburo sessions, I also met with Mr Yang Baibing on each occasion. Mr Yang is after all also a member of this body," Mr Li said. The minister declined to say however what portfolio within the politburo General Yang had been given.

It had been reported that General Yang's appointment to the politburo was simply a "consolation prize" to compensate for his removal from the central military commission and that he had no specific portfolio. Sources on the conservative wing of the party stress, however, that both General Yang and the President still wield considerable power both within the military and the party.

### **Official: China To Open Securities Market More**

HK0701015993 Beijing RENMIN RIBAO in Chinese 4 Jan 93 p 2

[Report by Shang Wen (0794 2429: "Official Says China To Further Remove Restrictions on Securities Market")]

[Text] Beijing 3 Jan (RENMIN RIBAO)—China is to further remove restrictions on the securities market this year, and will actively carry out pilot projects in issuing new varieties of securities including investment funds, convertibles, and beneficiary trust instruments. This was stated by Zhou Daotong [0719 6670 7906], the newly appointed State Council Securities Commission deputy director, in response to reporters' questions, according to a report in today's issue of JINRONG SHIBAO [FINANCIAL TIMES] Securities News Column. In addition, he said, the experiment in openly issuing stocks will be spread across China. Within the control scope stipulated by the central authorities, all provinces, autonomous regions, municipalities, and cities with single listing in the plan are allowed to select one or two shareholding enterprises to openly issue shares as their pilot projects. Presently, the establishment of any new stock exchanges is not in the plan.

Zhou Daotong stated that governments of all provinces, autonomous regions, municipalities, and cities with single listings in the plan should designate a responsible comrade to take charge of securities work. The establishment of organizations specialized in this area in various localities is not required. The division of labor in relevant departments under the State Council is that the State Planning Commission is to conduct comprehensive balance based on the plan and suggestions of the Securities Commission, and to formulate its plan for issuing securities; the People's Bank of China is to be in charge of deliberating and approving the issuance of securities, administering securities organizations, and submitting reports to the Security Commission for registration; the Ministry of Finance is to be in charge of administering registered accountants and accounting firms; the State Commission for Restructuring Economy

is to be in charge of formulating decrees and regulations on the experiment in the shareholding system as well as organizing and harmonizing relevant experimental work; the stock exchanges in Shanghai and Shenzhen are to be left in the charge of local governments; and the securities supervising committee will implement supervision and control. In addition, the establishment of any new stock exchanges must be submitted to the Securities Commission for its deliberation and examination, and to the State Council for its approval; the deliberation and approval of local projects of the shareholding system of enterprises are left to the charge of departments authorized by governments at provincial level or city authorities with single listings in the plan, together with departments in charge of the enterprises concerned; the deliberation and approval of pilot projects of the shareholding system at the central level are left to the charge of the State Commission for Restructuring the Economy and departments in charge of the enterprises concerned.

Presently, the State Council Securities Commission is organizing related departments to firmly grasp the formulation of relevant decrees and regulations. Decrees and regulations on securities to be presented this year include: "Provisional Regulations of the State Council on Administration of Securities," "Rules for Administering Securities Operational Organizations," "Standards for Behavior of Securities Operational Workers," "Rules for Issuance and Transaction of Securities," "Rules for Administration in Examining Qualification for Issuing Securities," and "Rules for Control of Investment Funds."

#### CHINA DAILY on Economic 'Potential Threat'

HK0801051493 Beijing CHINA DAILY in English 8 Jan 93 p 4

[Article by Chen Xiao: "Agriculture Key to Steady Growth"]

[Text] The new year poses more challenges for China to make as much progress as it did in 1992.

Slow growth in farmers' income, an overflowing money supply, and inadequate provisions of production materials lay potential traps for the 1993 economy.

"China will probably witness a drop in grain production in 1993, which will jeopardize further reform efforts and rapid economic growth" said economist Dong Furen, vice-chairman of the Financial and Economic Committee of the National People's Congress (NPC)—the country's highest legislative body.

The State Statistics Bureau (SSB) reported that grain output only increased 1.7 percent in 1992 against the previous year, which prompted PEOPLE'S DAILY to publish an editorial on January 4, warning that "the country should keep a cool head and pay adequate attention to grain production."

On New Year's Eve, the State Council held a conference and issued 10 measures to boost farmers' enthusiasm. Deng Xiaoping was quoted by the central authorities as saying "the economy in the 1990's may be hurdled by agriculture." [sentence as published]

The publication of the editorial indicates the central government has realized the potential threat.

Although farmers' income grew at 5 percent nationwide last year, according to the SSB, "IOUs worth billions of yuan have made the growth meaningless," Dong said.

In some grain and cotton bases, farmers' income was even reduced, said Premier Li Peng at the conference.

The IOUs and various levies have slowed down the growth of farmers' income. As a result, the income gap between farmers and urban residents is getting wider. The SSB said the net income was 1,800 yuan (\$314) in urban areas and 770 yuan (\$134.4) in rural areas last year.

The gap will dampen farmers' enthusiasm.

However, there is little room for the State to further raise purchasing prices of grain to boost farmers' income, because domestic prices are approaching those in the world market. This is the reason why more and more residents in advanced southern areas buy Thai-grown rice, said the economist.

"Central finance will have to subsidize farmers more to compensate them," Dong said. "It will be a big burden for the central government."

Meanwhile, local governments were crazy about opening new economic areas and fueling business in the real estate market, nibbling more and more arable land and decreasing grain output.

In addition to the problems in agriculture, the growth of the money supply in 1992 will be another headache for the new year.

The growth of the money supply exceeded the economic advance for last year. According to the SSB, the increase of money in circulation was 30 percent higher in 1992 compared with the previous year. The gross national product (GNP), however, was about 12 percent.

"Overflowing money supply has planted the seeds of inflation," Dong said. The inflation rate in 1993 will be higher than the 5.3 percent in 1992.

This inflationary trend has become much more pronounced since the latter half of last year. The retail price index was 4.2 percent in June and increased to 6.2 percent in November.

Meanwhile the price index of living expenses in 35 large and medium cities—another thermometer of inflation—was 11 percent last year.

"The inflation rate will be fuelled in 1993 by the price rise of production materials," said the economist.

Last year, hefty investment propped up industrial production to grow at 23 percent, even faster than during the overheated 1988.

This robust advance has been swallowing production materials and has caused a shortage in the supply of items such as steel and timber. As a result, the general price rise of production materials soared by 13 percent, which will mean an increase in production costs.

"Most of China's producers will have to raise the prices of their products to ease the burden brought by rising costs," said the economist. Inflation caused by increasing costs is becoming a reality in China.

Moreover, about 40 percent of investment will be turned into purchasing power, finally spurring demand for both producer and consumer goods.

According to the SSB, demand exceeded supply by 6.6 percent at the end of last year (the figure was 1 percent in the first nine months). Experts say it is alarming that the balance between supply and demand has been tipped—the relation between the two is the criterion to judge whether the economy is overheating or not.

"The economy has become partly overheated in some sectors," said the economist, who had issued a similar warning in the second quarter of last year.

Dong's view was not popular until the fourth quarter of last year. Before that, the key to the macro-economic situation was held to be that double-digit GNP growth was rational, because the economy had just recovered from the austerity period (1988-1991).

SSB experts hold this view, but are now realizing uncertainties are building up.

Unfortunately, few enterprise directors and local authorities are paying enough attention to this latent danger. Instead, most are gearing up production.

"Though fast economic growth is still within control," Dong said, "the problem lies in that the central government's control over the economy is getting weaker."

The central government's talisman is only to limit banks' lending. But the method is not effective, especially after local governments, enterprises, and individuals are allowed to invest in capital construction.

As investors, the local governments and State-owned enterprises fail to bear the risks of investment. "This is one of the root causes why there has been too much investment in the processing sector, which is mostly overheated," Dong said.

Another cause lies in the administrative system, said the economist. As usual, the growth of a local economy is still one important criterion to judge local authorities' achievements in their official career.

As a member of the Standing Committee of the NPC, Dong said the NPC's supervision over the economy and government is still limited, though its role is increasingly stronger. "Usually, the NPC just accepts what the government does," Dong said. So far, it is difficult to change the situation.

"But at least the people's congresses at each level should stand above local interest and keep the overall national situation in mind," he said. "It will help reduce local protectionism."

### **Measures To Prevent Overheated Economy Viewed**

*HK0701114593 Hong Kong WEN WEI PO in Chinese  
7 Jan 93 p 11*

[Report by staff reporter Chen Chien-ping (7115 1696 1627): "Beijing Hierarchy Meticulously Analyzes Economic Situation; Will Not Take Uniform Measures To Prevent Overheated Economy"]

[Text] Beijing, 6 Jan—An authoritative source here disclosed: Recently, Jiang Zemin, general secretary of the CPC Central Committee, put forward his view on economic development on the mainland, saying that "the situation is excellent, but we should prevent overheating," and that the central authorities are introducing measures to prevent overheating the economy. However, the central authorities have definitely indicated that they will follow the principle of seeking truth from facts, will not exert pressures on local authorities on the issue of preventing an overheated economy, and will not practice rigid uniformity in terms of policy.

The source pointed out: The issue of an overheated economy was raised at an analysis meeting held by the State Council last July, and it was especially pointed out that the "bottleneck" issues in economic development were serious. Later, in their many speeches, Jiang Zemin, Li Peng, and Zhu Rongji focused on the need to solve the "bottlenecks" in economic development. Soon after the First Session of the 14th CPC Central Committee, the central authorities held a "briefing" to discuss the aforesaid issues. However, the central and the provincial, municipal, and autonomous regional authorities failed to reach a consensus on whether the economy was overheated. The central authorities also definitely indicated that they would not exert pressures on the local authorities on this issue, nor would they practice rigid uniformity in terms of policy.

Since the beginning of last spring, the overall economic situation in China has been excellent, and this is supported by facts. A senior central leader has made the following summation: 1) People have greatly emancipated their minds and enhanced their spirit. The pace of reform and opening up has been substantially accelerated. Especially since the argument over the issue whether something is surnamed "socialism" or "capitalism" was solved at the 14th party congress, the whole country, from top to bottom, has been conducting bold

explorations. Ideological emancipation has been defined as a prerequisite for economic growth. 2) The regulations on changing operational mechanisms promulgated by the State Council have become effective means for deepening reform. Enterprise experiments on diversified undertakings are being conducted over vast areas. Price liberalization has been borne by the society without causing great fluctuations. 3) Reform and opening up has been further accelerated and the pattern of opening up places along the sea, borders, and rivers, as well as provincial capitals and large and medium-sized cities, in all directions, has greatly increased the utilization of foreign capital. According to the latest statistics by the State Statistics Bureau, foreign capital actually used in 1992 was \$8.3 billion, accounting for 35.6 percent of the foreign capital actually used in the previous 14 years. The total volume of imports and exports in 1992 exceeded \$150 billion, surpassing both Taiwan and the Republic of Korea. 4) The national economy has developed at a high speed. The 1992 GNP exceeded 2 trillion yuan, reaching 2.4 trillion yuan. Total industrial output rose by 21 percent and GNP by 12 percent, with the growth of heavy industry faster than that of light industry. 5) The markets are brisk across the nation, there is a basic balance between aggregate supply and demand, goods and materials are in ample supply, and price rises are controlled at around 6 percent. 6) Large and medium-sized state-run enterprises have increased their vitality and improved their external environments.

However, while the economy has improved as a whole, some old and new problems have constantly occurred. Viewed from the situation at hand, the central authorities' worries about whether the economy is overheated chiefly find expression in the following three issues: The first is agriculture. The tendency to overlook agriculture has resulted in the serious issue of increasing agricultural output without increasing the income. In 1992 the actual agricultural income increased by less than 1 percent. The second is the excessive scale of investments in fixed assets. They grew by 40 percent over 1991, amounting to over 700 billion yuan. But the investment pattern has not been substantially improved, with most of the investments going to the processing industry. Construction of infrastructural projects is too slow, and the issue of "bottlenecks" is still unresolved. The price index is still too high and tends to rise further. The third is the poor overall level of economic returns. One-third of state-run enterprises suffer losses amounting to 27 billion yuan. Others still suffer potential losses or incur debts amounting to 24 billion yuan. If the aforesaid issues are not resolved it will not be easy for the economy to develop in an orderly way and with high efficiency. Therefore, the central authorities also deem it high time to take firm measures. To this end, the central authorities will introduce some effective, appropriate policies and measures.

#### Chen Jinhua on Implementing 'Regulations'

OW070114893 Beijing XINHUA Domestic Service in Chinese 0944 GMT 31 Dec 92

[By Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 31 Dec (XINHUA)—At a time when the nation is bidding farewell to an old year and ushering in a new year, Chen Jinhua, minister in charge of the State Commission for Economic Restructuring, talked to this reporter about the current situation of implementing the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises" and the requirements set for implementing the "regulations" next year. He underscored this specific requirement: Regard changing state-owned enterprises' operating mechanisms as a basic engineering project for building a socialist market economy and accomplish the project with firm resolve.

Examining how this project has been proceeding in various central departments and regions, Chen Jinhua said: In July 1992, the State Council issued the "Regulations Governing the Change of Operating Mechanisms in Industrial Enterprises Owned by All the People." That was a strategic measure for streamlining large and medium-size state enterprises and accelerating the process of creating a socialist market economy. The CPC Central Committee and the State Council attached great importance to implementing the "regulations." State Council leaders put forward a plan for implementing the "regulations" at a conference held in August to discuss the implementation. Then, at the end of September, the CPC Central Committee and the State Council issued the "Circular on Earnestly Implementing the 'Regulations Governing the Change of Operating Mechanisms in Industrial Enterprises Owned by All the People.'" When he delivered his report at the historic 14th National CPC Congress in October, General Secretary Jiang Zemin emphasized that changing industrial enterprises' operating mechanisms constitutes the central link of building a new socialist market economic system. Now, during the process of implementing the guidelines of the congress, State Council departments and local governments are regarding the implementation of the "regulations" and changing enterprises' operating mechanisms as a basic engineering project of creating a socialist market economy. They have already accomplished a great deal of work in organizing the implementation of the project, in formulating supporting regulations, in educating the people, and in screening various laws and regulations. Administrators and workers of state-owned enterprises have also been actively studying the "regulations," and they are determined to protect their enterprises' autonomy according to law.

When asked what special features can be observed from the implementation of the "regulations" in various regions and departments, Chen Jinhua said: There are four major special features. First, the change of state-owned enterprises' operating mechanisms has been associated with creating a new socialist market economy. This project is considered a major project of implementing the guidelines of the 14th National CPC Congress. What has to be done is clear, and leading authorities are paying great attention to their work. Second, the change of enterprises' operating mechanisms has been

associated with the change of government functions. Now these two reform projects are supporting one another while proceeding together. Third, great importance has been given to forming the necessary regulations and rules to make sure that there are rules to follow. At the same time, the coordination of publicity work and the formulation of the necessary measures has created a combined force supporting the implementation of the "regulations." Fourth, experiences gained by pilot projects are used as guidance, and progress has been made steadily. Under the premise of upholding the basic principles prescribed in the "regulations," enterprises in all localities are exploring various other ways to change their operating mechanisms. In short, projects of changing state-owned enterprises' operating mechanisms are spreading out from some localities, and localized reforms are developing into full-fledged restructuring of the economic system.

Chen Jinhua then proceeded to elaborate on the importance and necessity of implementing the "regulations." He also set forth the objectives that have to be achieved in 1993. He pointed out: Establishing a socialist market economic system is the objective which the 14th National CPC Congress set for economic restructuring. Under this new system, and under the state's macroscopic regulation and control, the market must demonstrate its fundamental functions in distributing resources. This calls for new operating mechanisms which can push enterprises to the market, reinvigorate them, and increase their efficiency so that they will truly become legal entities and principal competitors enjoying autonomy, taking care of their own profits and losses, developing on their own, and exercising self-control, as well as undertaking the responsibility of preserving and increasing the value of state property; however, the conditions of the majority of state-owned enterprises show that they still cannot meet the needs of building a socialist market economic system. When China's status as a GATT signatory has been reinstated, our enterprises will come face to face with a fiercely competitive world. This requires our state-owned enterprises, especially the large and medium-size enterprises, to change their operating mechanisms quickly. We can say, therefore, that changing the operating mechanisms of state-owned enterprises, and especially the large and medium-size enterprises, pushing them to the market, and increasing their vitality and efficiency constitute a fundamental engineering project of creating a socialist market economic system. While this is crucial for consolidating our socialist system and demonstrating its superiority, it is also a basic measure for achieving our strategic objective, namely, modernization. This is the central project we must attend to when we restructure the economic system in 1993. All regions, all departments, and the numerous state-owned enterprises must heighten their awareness of implementing the "regulations" and changing enterprises' operating mechanisms. They must intensify their efforts in formulating supporting regulations and implementation measures so that the "regulations" can be successfully implemented,

and so that an overwhelming majority of state-owned enterprises can operate with the types of operating mechanisms prescribed in the "regulations."

In conclusion, Chen Jinhua emphatically pointed out: Changing enterprises' operating mechanisms is difficult. We have no precedence to follow. The implementation of the "regulations" will also be a gradually developing process; however, we must move on and firmly achieve this change, despite the hardship. We believe that, as result of the joint efforts exerted by various party and government departments as well as by enterprises themselves, we certainly can achieve the objectives set in the "regulations," speed up the creation of a new socialist market economic system, and achieve sustained, stable, coordinated, and high economic growth.

#### **Article on 'Craze' for Engaging in Business**

*HK0601025493 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 50, 14 Dec 92 pp 4, 5*

[Article by Lin Chen (2651 2525): "How We Approach the 'Craze for Getting Involved in Business' in Today's China—Part Two of the Year-End Economic Commentary"; Part One of the "year-end economic commentary" was published in the Economic & Agricultural section of the 23 December 1992 China DAILY REPORT, beginning on page 39, under the headline "Journal Hails 'Healthy Economic Development'"]

[Text] Today the phrase "going to the sea" is the vogue on the Chinese mainland. What does the sea mean? It means the sea of business, the sea of business operations, and the sea of markets.

The methods of "going to the sea" are different. Some give up their "official posts" for "doing business." This means that some leave the post of bureau chief or director to run all kinds of economic bodies. Some leave their research institutions to transfer to scientific and technological development and operations. Some engage in second occupations outside their permanent jobs. Some state cadres even set up stalls on Sundays to sell goods. Some university students engage in all kinds of selling and buying. Some people call this "going to the sea!"

According to statistics provided by the State Administration for Industry and Commerce, there were more than 90,000 newly formed companies in the country in the first half of this year and companies throughout the country totaled almost 900,000. These figures indicate that the total number of all kinds of companies in China is more than twice the total number of state-owned enterprise.

Different circles have different responses to the craze for "going to the sea." The relevant state department has an explicit attitude: One is energetically supporting the running of tertiary industries and the other is supporting the government in streamlining its organizations and transforming its functions. It generally supports efforts

aimed at going to the sea, but at the same time stipulates that cadres of government departments must separate themselves from their original units if they want to go to the sea.

The media has strongly responded to this. Reports on going to the sea have become a hot point of contention for different publications. JINGJI RIBAO is of the opinion that people in various circles generally have "hesitating" minds on doing business. As the craze for this is rising, some newspapers recently warned that the heat of getting involved in business must be lowered. GONGREN RIBAO issued comments in its "mass comments" column warning that a bigger scale of getting involved in business should not be encouraged. Particularly on cadres doing business and students engaging in selling and buying, many people say the advantages and disadvantages should be weighed carefully instead of encouraging this practice indiscriminately.

The mental state of people in business circles is complicated. As the government is transforming its functions, cadres are doing business, and enterprises are having fewer mothers-in-law [undefined authorities] and more powers, who will remain unhappy? But newly built companies have not genuinely separated themselves from government departments and some have only changed their names. This has caused complaints, and some people say that it is a recurrence of "officials doing business"—a practice prevalent several years ago. Some enterprises complain that they would rather be subjected to government intervention than to such companies' intervention. Who will remain unworried with the existence of these companies? So the general mental state is an assortment of worry and happiness.

The "craze for doing business" in this year's economic life is a big topic worthy of mention but at the same time difficult to explain clearly because many problems in it need to be explored and gradually improved through practice.

Since Deng Xiaoping's southern tour talks, China's economic reform has speeded up, and establishing the socialist market economic structure has become an accepted target for all the Chinese people. And the establishment of the market economic structure, of course, needs earnest performers. Now, in our economic operational structure, a situation has emerged in which "the head and the feet are swollen but the waist is slim," because of the years-long influence of the product economy and the planned economy. A swollen head means many redundant government personnel; swollen feet mean many redundant personnel in industrial and commercial enterprises; whereas the intermediary link between the enterprise and the market, between the government and the enterprise, between the consumer and the commodity, and between many means of providing all kinds of service for production is relatively weak. Tertiary industries are quite undeveloped. The development tracks of some countries which have grown by relying on the market economy indicate that market

economic operations would be unimaginable without developed tertiary industries.

In using market economic methods to build socialism with Chinese characteristics, China must make up this huge shortcoming.

The market economy is calling on more people "to go to the sea," particularly the "sea" of tertiary industries. This will help reduce the "swell" on the one hand and make up for the "weak link" on the other. In this sense, the "craze for going to the sea" should be welcomed.

Some people say that there are no new characteristics in the current "craze for going to the sea"; it is only the recurrence of "officials running business," which was a practice prevalent years ago, and people still have to wear "life jackets" when "going to the sea." These remarks are partly logical, but not all are.

Superficially speaking, encouraging the transformation from officials into commercial people is the common goal of the two "crazes," but the first one was criticized because there was no distinction between officials and commercial people, power was abused for doing business, state interests were ruined, and individuals gained much profit, whereas the current "craze" is different from the first one. Although some people are still unwilling to take off their "life jackets" or separate themselves from their original units, companies which have not separated themselves from their original units have been put on the dissolution list. This is the first example. In addition, the present situation has greatly changed. During the previous "craze," the planned economy still had a very large "ground" and officials profited much from doing business and from abusing their powers for doing business. Therefore people were scrambling for it. But because of the continuous deepening of reform in the last few years, the planned economy's "ground" has become smaller, as has the "fertile water" [huge profit] from speculating in the state power to control materials, energy, and other products and to approve projects and import and export indices (this is called "speculation in approval documents"), following the enhancement of the process of marketization. Even some previously important departments are thinking of winding up their operations. Therefore there are fewer "life jackets" available for people "going to the sea." This is the second example.

Of course, those just starting to learn to swim should wear "life jackets," and it will not necessarily be practical to regard this problem too simply or to ask those who just start "going to the sea" to take everything off. Some departments have worked out all kinds of regulations for those who "go to the sea," such as retaining their "domiciles," wages, or positions; some administrative or functional departments, after having a clear idea of their future, run companies in the name of these departments to leave an escape route. They do not seem to have separated themselves from their original units, as

judged from the state requirements on running companies, and government organs do not necessarily have to use only the method of running duplicate companies in transforming their functions. Judging from realities, we should admit that there is a process from the period of watching others swim to the period of oneself being able to swim in the sea, a process of wearing "life jackets" for the final purpose of taking them off. There may be irrationality and even illegitimacy in this process.

The important point is whether or not we can draw lessons from the previous "craze of officials doing business" and find a way which conforms with our national conditions and realities. Therefore we should not simply pour cold water on the "craze for going to the sea." Instead we should provide guidance and encourage those who are interested in the formation of the market economy to "go to the sea." In the meantime, we should make efforts to strengthen the formation of the legal system, to stop loopholes, to punish crimes severely, to create a mechanism for equal market competition to reduce all kinds of irrationality and illegitimacy in the course of "going to the sea" and to shorten as much as possible the period of irrationality and illegitimacy.

The formation of a market economic structure is systems engineering. "Going to the sea" is only one aspect appearing in one period of this systems engineering; therefore, "going to the sea" should not be regarded as the overall aspect of the market economic formation, still less should it be used to judge one's attitude toward the market economy.

#### **Editorial on Agriculture as Economy's 'Foundation'**

HK0801100893 Beijing RENMIN RIBAO in Chinese 4 Jan 93 p 1

[Editorial: "It Is Necessary To Attach Importance to Grain Work"]

[Text] Agriculture is the foundation of the national economy. Grain occupies a decisive position. In the transition to a socialist market economic structure, the status of agriculture as the foundation of the national economy must not be shaken. The importance of grain must on no account be neglected. We must remain sober-minded and have a correct understanding of this matter.

Since the drive of reform and opening up to the outside world was launched, China's agricultural productivity has significantly expanded; agriculture has developed successively; and grain output has reached new levels. This has played a very important role in achieving social stability, industrial development, and market prosperity, and in improving the people's living standards. Nevertheless, some comrades have developed a misconception, thinking that the problem of adequate grain production has been solved, thus slackening their understanding of the importance of grain. As the status of agriculture and grain is considered not so important,

some localities have squeezed out agriculture and grain as the first items on the agenda. Particularly in the purchasing of autumn grain in 1992, because of fund shortages, the phenomena in which the peasants have difficulties selling their grain and are given IOU's for grain sales can be found almost everywhere in the country. Some localities have slackened their efforts in grain work. One may well say that this state of affairs is a dangerous trend. China has a population of more than 1.1 billion people, with the per-capita average possession of grain remaining very limited. The area of cultivated land is diminishing year after year, while the level of consumption keeps on rising. In agricultural production, there are contradictions of good and bad harvests and imbalanced development between different localities. Under these circumstances, if we relax our efforts in agriculture, grain production will fluctuate and social development will be hampered. No developed country does not attach importance to agriculture and the grain issue. As a big developing country, China should all the more not neglect agriculture and grain work.

In attaching importance to agriculture and grain, the most important thing is to handle the relations with the peasants well. In the course of reform and opening up, while carrying out the work in all fields, we should effectively protect the peasants' interests well. If the peasants' interests are not protected, the status of agriculture as the foundation will suffer damage and grain production cannot be kept stable. We have had positive and negative experiences in this regard in the past. In the ongoing price liberalization reform, we should make sure that the peasants' interests are taken into account, and refrain from relying exclusively on subsidy reductions. As far as the localities which have liberalized grain prices are concerned, the central authorities are gradually reducing subsidies, with the aim of turning the reduced portion of subsidies into grain risk funds with which to protect the peasants' interests. In the last few years, in some localities, the peasants have increased production but their income has not risen accordingly. They could not get cash when selling their grain, cotton, and oil-bearing crops. This will inevitably dampen the peasants' enthusiasm. In the last 14 years of reform, first of all, we have won victory in the rural areas. Only with the peasants' enthusiasm can reform be carried out smoothly. Leaders at all levels and people in all walks of life in society must not forget this truth. If we forget it, we will commit a historical mistake.

In China's food pattern, grain has always been taken as the primary element, with an appropriately proportional amount of vegetables. Of course, when it comes to the food pattern, there is also a problem of optimizing and reforming it. The state will work out a development program for the food pattern optimization and reform with which to guide agriculture in the broader sense and achieve food diversity by utilizing China's diversified conditions in resources. However, we must bear in mind: The basic characteristic of grain being the primary element of the food pattern will exist and not change fundamentally for a long time.

To attach importance to grain work, we should have a new line of thinking. From a development point of view, continuing to rationalize prices and carrying forward the reform of the grain circulation structure are where the key to solving the grain problem lies. Grain price reform should be carried out actively and on an even keel. Prices should not be liberalized in a summary fashion. By liberalizing grain prices and fostering the market, on no account do we mean that we have nothing more to do with the matter. We should not think that by liberalizing grain prices and making enterprises market-oriented, a market mechanism will form naturally. The matter is not that simple. In fact, how to manage grain circulation well by using legal, economic, administrative, and other means is a big problem facing us that needs an urgent solution. It must be noticed that in the last decades, several million employees of the grain departments have worked hard and done a lot of work in grain purchase, marketing, transshipment, and storage and made very great contributions in promoting the reform of the grain circulation structure. In the days to come, the task is more arduous and there is a lot of work to do. In the institutional reform, the grain departments of various localities should mainly streamline the administrative structure and transform their functions rather than weaken grain work. Departments in charge of grain work at various levels should continue to transform conceptions, study new problems, adapt themselves to the new situation, and make fruitful efforts in fostering the market, establishing state macro regulation and control means and risk mechanisms, continuing to transform the enterprise mechanism and management structure, and participating in the building of an urban and rural socialized service system and a social security system.

After a decade or so of reform, we have reason to believe that only when the agricultural policy is correct, agricultural production expands steadily, and grain production does not fluctuate significantly can we lay down a solid foundation for the establishment of a socialist market economic structure.

#### 'Commentary' on Agricultural Development

OW0801131093 Beijing BAN YUE TAN in Chinese No 23, 10 Dec 92 pp 4, 5

[("Commentary" by unidentified staff commentator: "We Should Not Ignore Agriculture While Developing Industry")]

[Text] Shi Laihe, delegate to the 14th CPC National Congress and secretary of the party committee of Liuzhuang Village, Xinxiang County, Henan Province, said: "We should not ignore agriculture simply because we can make economic returns from enterprises at a faster rate." His sincere statement, incorporating lessons learned from historic experience and targeting the recently emerging tendency, warrants great attention.

Over the past year, China's situation has been heartening in that it has deepened reform, opened wider to the outside

world, and accelerated the pace of economic progress. However, certain worrisome tendencies have occurred. While they have been putting great efforts into designing new projects, operating factories, and building development zones, some localities have unnecessarily neglected the agricultural sector. A negative phenomenon has recurred in which leadership has been weakened; agricultural investment has dropped; a massive outflow of rural capital has been seen; and farmland has been wantonly occupied and abused. These two extremes remind us: While safeguarding the localities' enthusiasm for developing industry, we should also guide them to overcome and prevent their tendency to neglect agriculture.

To prevent them from neglecting agriculture, it is necessary to clear up a misconception: "Now that the situation in rural areas is good, we do not need to spend too much energy on agricultural production and rural work." As a matter of fact, China's total supply of agricultural output has continually increased in 1992. Even though the total cultivated area has been reduced, total grain output in 1992 will basically remain the same as that of the previous year: a bumper harvest of cash crops has been achieved; there are strong indications that production in animal husbandry and fisheries will increase; and village and township enterprises have recorded simultaneous increases in their output value and economic efficiency. Also, urban residents' food baskets have been full and varied throughout the year. Nevertheless, it would be wrong if we were blindly optimistic about the agricultural sector. At present, many existing factors still hinder China from further developing its agriculture. Our internal material and technological foundations are very feeble. Our total comprehensive capacity for grain output is only 425 million metric tonnes; we need to make enormous efforts to realize the target of 500 million metric tonnes by the end of the 20th century. Moreover, we desperately need to improve the external economic environment. On the one hand, circulation channels for agricultural products—with grain the principal component—do not flow smoothly, resulting in poor sales and reduced prices. On the other hand, the prices of the means of production in the agricultural sector, including fertilizer and pesticide, are rising. The "scissors difference" between industrial and agricultural prices—once reduced earlier—has widened again: the proportion of burdens shouldered by peasants is much higher than that allowed by the state. Consequently, the rate of increase in peasants' incomes has not been in proportion to the rate of increase in their agricultural output; their incomes have basically fluctuated in the three years since 1989. We need to make efforts to deepen reform so as to resolve the aforementioned problems in production, circulation, and distribution. Failure to resolve them or resolving them inappropriately or belatedly will be detrimental to the peasants' enthusiasm, which in turn will obstruct agricultural production.

We need to point out here: In agriculture, not only should we make general predictions in an all-around

manner, but we should also particularly notice the "inadequacies" when conditions are "good." We have suffered similar hardships more than once in history: When conditions were good, we were overly optimistic and relaxed our work, resulting in a drop in agricultural output. The theoretical circle has done some research on this historic phenomenon. When compared to industry, agriculture is an undertaking providing relatively high social benefits with relatively fewer direct economic benefits; most of its economic benefits can only be indirectly reflected after being processed and circulated. Its high social benefits are obvious: The state cannot afford to ignore agriculture because from food to clothing to industrial raw materials it involves mankind's basic living needs; concerns the overall national economic progress; and affects social and political stability. It is also clear that its direct economic benefits are low: It is difficult to get mid-range profits from agricultural investment; it has a long compensatory period; and we do not notice the immediate effects when striving to change local conditions or raise people's incomes. When driven by the profit mechanism, localities and departments are easily prone to neglect agriculture so long as the stagnant agricultural sector has not yet adversely affected our requirements for food and clothing. Consequently, a phenomenon arises whereby agriculture usually develops along a winding course, oscillating between being cherished and being ignored. The path of being cherished, ignored, and cherished again is closely linked to a cause-and-effect relationship with rural conditions. As the peasants say: "When the stomach is empty, you think of agriculture; when the stomach is full, you forget agriculture." We must learn our lessons from historic experiences and conscientiously get rid of this erroneous concept. Then we may sustain and develop the current good rural situation for a long time.

To prevent agriculture from being neglected, we need not only correctly handle agricultural conditions, but also correctly handle the relations between industry and agriculture. Some local comrades said: "Our locality has already suffered major setbacks because we began developing industry late. Now we cannot afford not to make every effort to develop it." We will not be rich without industries. We certainly and actively advocate that localities which began developing industry late should strive to catch up with others. To strive to catch up with others, we need to appropriately gather manpower, material resources, and funds and invest them in industry for a time. Yet, we must pay attention to maintaining a certain "rate or extent." We should strive to maintain coordinated development between industry and agriculture so as to avoid a high rate of industrial progress at the expense of agriculture. In the process of the industrialization drive, both socialist and capitalist countries regularly encounter a sticky problem in sustaining a rational balance when simultaneously developing both industry and agriculture. Handled inappropriately, it will not only have an adverse effect on agriculture directly, but will also eventually hamper industry and delay the industrialization process. A very important

reason why China's national economy has encountered several major fluctuations in the past was that industry was developed too rapidly and agriculture lagged behind. Every upturn transforming "down" to "up" always initially involved invigorating agriculture which, in turn, propelled and enhanced improvement and progress in other sectors. We must come to the conclusion, obtained at a high price, that we should not ignore agriculture while developing industry.

The central authorities have always paid great attention to agriculture. Beginning with the Third Plenary Session of the 11th CPC Central Committee in 1978 and up to the Eighth Plenary Session of the 13th CPC Central Committee in 1992, several studies on agriculture and rural work have been conducted. Under the party's leadership, reform has initially begun in rural areas, where results meriting world attention have been achieved. At the recently held 14th CPC National Congress, General Secretary Jiang Zemin reiterated: "Agriculture is the foundation of the national economy. It is necessary to regard it as a top priority in persistently strengthening the role of agriculture and invigorating the rural economy in an all-around manner."

At present, the whole country is studying and implementing the guidelines of the 14th CPC National Congress. We hope that various localities will earnestly implement the central authorities' serial instructions on agriculture and rural work; strengthen the role of agriculture as the "foundation" of the national economy and heighten the concept of regarding agriculture as a "top priority"; and strive to compose a new musical chapter that includes coordinated development of the various national economic sectors, including agriculture, as well as comprehensive prosperity.

#### Jiang Zemin, Zhu Rongji Greet Shanghai Firm

OW0701175293 Shanghai WEN HUI BAO in Chinese  
31 Dec 92 p 1

[Report by reporter Chen Wei (7115 1919) and correspondent Zhou Guolin (0719 0948 2651): "Jiushi Company Achieves Great Success in 'Producing Eggs With Borrowed Hens.' Over the Past Five Years, It Has Raised More Than \$2.3 Billion and Completed More Than 250 Projects Involving Investments of More Than 15 Billion Yuan. Huang Ju Addresses 30 December Meeting To Hear Reports on Results Achieved in Special Projects"]

[Excerpt] A meeting was held in Shanghai on 30 December to hear reports on the successful use of foreign capital in special projects to be accomplished before 1994. Shanghai Mayor Huang Ju, Executive Vice Mayor Xu Kuangdi, and veteran comrades Chen Guodong, Hu Lijiao, and Wang Daohan attended the meeting to extend their greetings to the Shanghai Jiushi Company for the major successes it has achieved over the past five years.

Messages and letters of greeting from Jiang Zemin, Zhu Rongji, Wu Bangguo, Huang Ju, and other central leaders, as well as from the Shanghai municipal party committee and the municipal government, were read at the meeting. After fully endorsing the company's past five years of experience in building the urban infrastructure with foreign capital, Mayor Huang Ju said that this experience shows us that we must be even firmer in carrying out reform and opening to the outside world. He added that we must properly sum up our experiences to enable ourselves to broaden our successful experiences and to avoid twists and turns. [passage omitted]

### Coal Industry Plans 'More Market-Driven System'

HK0801035693 Beijing CHINA DAILY in English 8 Jan 93 p 2

[Article by staff reporter Chang Weimin: "Price Hikes and Layoffs Planned in Coal Sector"]

[Text] China's coal-mining industry, which has staggered along for years producing 75 percent of the country's energy resources under rigid central planning, is looking to a more market-driven system.

More elements of a market economy and a wider array of international conventions will be adopted in the future, according to the China National Coal Corporation's (CNCC) five-day congress, which opened yesterday in Beijing.

Wang Senhao, CNCC's president, urged officials from coal mines at yesterday's session to pay greater attention to reforms and economic efficiency.

Mines under the CNCC, which used to dig coal to meet State targets, should plan their production to meet market needs. For that, product varieties will be widened, Wang said.

Unlike Western nations, large and medium-size enterprises in China, most of which are State-owned, formerly were required to only produce what the government planned for them.

China Daily has learned that the central government is considering giving strong support to the industry for bold steps to revolutionize its operation.

The steps that are likely to be taken include reforms on raising capital and diversifying production.

The industry will also take bold steps to attract more overseas investment.

CNCC officials said the coal-mining industry expects to build power stations and chemical manufacturing enterprises to make money to support coal mining, which has been bathed in red ink for decades.

Wang said the CNCC took some positive steps toward market-driven operation in 1992.

The firm, which produced 370 million tons of coal in 1992, freed prices on 20 percent of its coal. Within three years, prices on all of its coal will be left to float to market levels.

To cut production costs, CNCC laid off 100,000 workers in 1992. With preferential loans from the central government, nearly all the laid-off workers got jobs in the service industry.

The CNCC, which now still employs 2.8 million workers, will further cut its staff in order to raise efficiency.

At the end of 1992, the CNCC, joining hands with Shanghai municipal authorities, put China's first coal futures market into operation in the city.

For the first time in its history, the firm reduced losses by 500 million yuan (\$86 million) in 1992. In 1993, it expects to further cut losses by more than 1 billion yuan (\$172 million), Wang said.

### Financial Newspaper Changes Publication to Sundays

OW0801082193 Beijing XINHUA Domestic Service in Chinese 0456 GMT 3 Jan 93

[By correspondent Zhou Ling (0719 3781)]

[Text] Beijing, 3 Jan (XINHUA)—With the approval of the headquarters of the People's Bank of China and the State Press and Publications Administration, beginning in 1993, the JINRONG SHIBAO [FINANCIAL TIMES] will change its publication from Saturdays to Sundays.

To provide a comprehensive range of services, including the supply of news and information on Chinese stock markets, which have developed rapidly, and to satisfy the demand of the broad masses of stock investors for shares information, the FINANCIAL TIMES has made major changes for 1993 in its stock reporting formats. Effective today, the broad masses of readers will be able to read the "Stock News" of the FINANCIAL TIMES (Sunday's edition) every Sunday. The paper will make a concerted effort to supply information on authoritative stock policies and programs, various financial and stock quotations, and other related news.

The editorial policy of the FINANCIAL TIMES' "Stock News" is to put the emphasis on stocks, focus on economics, foster close ties with the readers, and report realistically on policy. The paper will strive to be the principal channel supplying Chinese stock information; to link various facets in the shares circle; and to become a helpful friend to stock investors.

**Sources Say Tourism Earnings Set Record in 1992**

OW0701082993 Beijing XINHUA in English 0743  
GMT 7 Jan 93

[Text] Beijing, January 7 (XINHUA)—Foreign exchange earning of 3.6 billion U.S. dollars from tourism and the arrival of 37 million overseas tourists made China's tourism hit a record high in 1992. The State Administration of Tourism has made new tactics this year in a bid to make the state's tourism foreign exchange earning leap forward to 4 billion U.S. dollars.

According to sources from the State Administration of Tourism, China will take new measures this year to boost the development of tourism with a focus on the drive to organize traveling activities around China's famous mountain and water resorts.

These tourist resorts will be divided into five main districts with the five most well-known tourist places as their centers respectively such as Huangshan Mountain in east China's Anhui Province, Guilin City in south China's Guangxi Zhuang Autonomous Region, Lhasa City in Tibet, Changbai Mountain areas in northeast China and the Huangguoshu Waterfall in southwest China's Guizhou Province.

A series of large-scale tourist activities with distinguished local characteristics will be held all the year

round including the Huangshan Travel Festival in June, the international famous Liquor Festival held in Huangguoshu Waterfall areas in August, the Changbai Mountain Folk Custom Festival of Korean nationality in September, the Tibetan Folk Festival held in Lhasa in October and the Travel Festival held in the famous Guilin resorts of hills and waters in November.

To respond to such activities, the state will still launch an unprecedented program of "owning a patch of native land." That is to set up 36 "native gardens of typical Chinese characteristics", each with an area of 9.6 million square inches (or 0.67 hectares) which symbolizes the 9.6 million sq. [square] km. of the motherland.

These native gardens will be sold to the Overseas Chinese together with a certificate showing the ownership of that patch of land, according to an official with the State Administration of Tourism.

To further explore the international tourist markets, the state will strengthen its marketing activities through overseas tourist agencies and give full play to the intermediary role of the international tourist markets.

The official revealed that the administration will award 1,000 overseas tourist agents in mid-January this year for their contributions to the the state's successful drive of "Visit China 1992".

## East Region

### Anhui Rural Areas Increase Township Enterprises

OW0701062193 Beijing XINHUA in English 0559  
GMT 7 Jan 93

[Text] Hefei, January 7 (XINHUA)—The central part of Anhui Province, the poorest rural area in central China, reaped two billion yuan from rural industry last year, doubling its best record in history.

In 1992, the region also doubled the number of township enterprises to 600.

The six counties in the basin of the Huaihe River in Anhui Province have a population of seven million, more than that of Switzerland. The region has a per capita arable land area of less than 0.13 ha and a per capita farm income below the national average.

The region is frequently hit by floods. The last one was in 1991, when three billion yuan worth of property was destroyed by the most serious flooding in the century.

The turning point came soon after the flood. The burden of surplus farm labor has been turned into a cheap, abundant source for rural industry. Processing enterprises rose side by side with houses that were rebuilt on the ruins.

The backward inland rural areas have learned from the experience of the coastal areas, where farmers engage in all kinds of enterprises. The profits of rural industry are so high that Chinese farmers could never have dreamed of it when they toiled on their limited shares of land.

Major towns with prosperous rural markets are being turned into the arena of township enterprises. Farmers choose towns which serve as the juncture between urban and rural areas to set up enterprises, because they can easily get funds and raw materials there. The local authorities have also adopted a series of favorable policies to encourage farmers to set up enterprises in the towns.

More than 70 towns in the region have been turned into industrial zones.

Miaocha town in Linquan County is one of the area's newly established rural industrial zones. The town used to be a plaza of leather makers. Leather traders draw 100 million yuan from the local leather market every year. Now it has over 40 leather plants, with most of the profits flowing into the town.

Flourishing township enterprises drew another three percent of local labor in 1991. The local labor price is only one-fourth or one-fifth of the figure in coastal areas of the country.

Economists expect that labor wages in coastal areas will rise nine percent this year, and labor-intensive industries will shift further inland, where cheap labor is a great advantage.

Most of the township enterprises in the region are involved in food processing and toys and crafts making. The enterprises were set up to take advantage of the rich resources of labor and agricultural products.

Local official said that the region has convenient transport, but it is in urgent need of funds, technology and market information.

The locality invested a total of 500 million yuan last year to undertake industrial projects, which will produce much higher profits than farming. The investment was equal to the total capital of local industries. One-fifth of the investment was managed by local farmers.

The region started most enterprises in cooperation with coastal areas, which have accumulated adequate funds and experience in running township enterprises.

The region has signed agreements with half a dozen overseas investors to set up joint-ventures in the locality. There was no foreign funded enterprise in the region until 1992. Most of the investors come from Hong Kong and Taiwan.

The local farmers are fully aware of the opportunity lying before them.

Zhu Xianlai, 50, is an example of local farmers who have spent all their life growing crops as their fathers and fathers' fathers did. Zhu was elected the head of his village in the Maoji township in Fengtai County in 1991. He immediately started a brick kiln. After he accumulating enough money, he began to produce plastic products, and then expanded his business to manufacture clinical equipment.

In 1992, Zhu's village reached an industrial output of 64 million yuan. The village's income has now risen three times over the 400 yuan three years ago to 1,200 yuan, higher than the national average per capita income for farmers.

Zhu is not satisfied. His aim is to make the village the richest one in the country. Now the richest village in China is Daqiu Zhuang village in Tianjin in north China. Daqiu Zhuang has an annual industrial output value of 2.7 billion yuan.

### Shandong Adopts Agricultural Measures

SK0801020893 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 7 Jan 93

[Text] The provincial party committee and the provincial people's government recently adopted a decision on dealing with the prominent problems currently occurring in agricultural development, which includes the following tasks: 1) We should unswervingly reinforce the basic position of agriculture; 2) we should vigorously develop agriculture with high yield, fine quality, and high benefits and further optimize the rural industrial structure; 3) we should realistically relieve peasants'

burdens and protect or bring into play peasants' enthusiasm in production; 4) a good job should be continuously done in purchasing farm products and actively conducting reforms in the purchase and sales systems of grains and cotton; 5) we should stably increase the input in agriculture and vigorously improve the conditions of agricultural production and commodity circulation; 6) we should further enhance the land management and realistically protect the farmland resources; 7) we should enhance the strength of reforms and actively foster the systems of the rural socialist market economy and economic operation mechanism; and 8) efforts should be made to further strengthen the leadership over agriculture.

In adopting the decision, the provincial party committee and the provincial people's government emphatically pointed out: Since reform and opening up, our province has made tremendous changes in the outlook of rural areas. The province maintained a favorable development trend in the rural economy as a whole in 1992. However, there were also some new phenomena and problems that merit attention. Some localities did not sufficiently concentrate their efforts on developing agriculture, and specific localities even weakened their leadership over agriculture. Some localities and departments committed the serious problems of hurting the peasants' interests and dampening their enthusiasm. Peasants' burdens were overly heavy. Owing to various natural disasters and the expansion of price difference between industrial and agricultural products over the past two years, the increase in per peasant net income has become slow and the peasants' actual income in specific localities has declined. The phenomena of occupying and utilizing farmland arbitrarily, illegally using the farmland, and conducting unauthorized farmland division have become somewhat more common. The land occupied for various construction increased sharply. The capability of withstanding natural disasters in agriculture declined. We must adopt an earnest attitude toward these problems and make efforts to deal with them.

The provincial party committee and the provincial people's government have decided that from now on, the province as a whole will carry out the activities of clearing up the debt chain among units from top to bottom in the coming five months so as to basically deal with the peasants' overly heavy burdens. All rural activities of comparison, target attainment, and emulation drives should be abolished. All activities of apportioning expenses, raising funds, collecting fees, and imposing fines will be totally stopped for the time being and frozen immediately. As for all IOU's issued in the former period, the departments of grains and supply and marketing as well as various prefectural and city authorities should learn the true situation; clearly learn the reasons; and ensure that these IOU's be totally paid before 15 January.

### **Shanghai Takes Measures To Absorb Foreign Funds**

*OW0801034793 Beijing XINHUA in English 0251  
GMT 8 Jan 93*

[Text] Shanghai, January 8 (XINHUA)—The Shanghai Municipal Government has decided to grant more power to lower government offices to approve foreign funded projects, for the purpose of attracting more foreign funds in 1993.

According to the decision, 12 administrative bureaus will be granted power to approve foreign funded projects, each with an investment of atmost five million U.S. dollars, starting from January 1.

The 12 bureaus are engaged in higher education, materials and equipment, public affairs, building and engineering, real estate, parks and woods, municipal affairs, culture and affairs concerning Overseas Chinese.

Statistics show that in 1992 Shanghai approved 2,012 foreign funded enterprises, involving a contracted foreign investment of 3.3 billion U.S. dollars. The number of foreign funded projects is more than four times that of 1991.

Last year, the municipal government granted power for approving foreign funded projects to 13 administrative districts of the city and seven suburban counties.

At present Shanghai has approved 3,229 foreign funded projects with a total investment of 6.63 billion U.S. dollars. Of them, more than 1,000 have gone into operation.

### **Pudong Telecommunications Industry Develops**

*OW0801034593 Beijing XINHUA in English 0249  
GMT 8 Jan 93*

[Text] Shanghai, January 8 (XINHUA)—The Pudong New Area in east China's Shanghai city is working hard to achieve its target of developing a one-million-line automatic telephone capacity.

According to the local authorities, Pudong has signed a contract worth 70 million U.S. dollars with Italy to import equipment for a 200,000-line program-controlled exchange this year. It will also use Italian Government loans to import 200 sets of optical transmission equipment.

The total capacity of the area's telephone network will reach 150,000 lines this year, nearly 50 percent more than the figure for 1992.

Pudong is one of the country's key development regions. Located opposite Shanghai proper, the biggest industrial base in China, across the Huangpu River, it will be developed into a powerhouse of the country's economic development.

The construction of the telecommunications network in Pudong has seen rapid progress since the area was set up two years ago. Now it has a total of 95,900 automatic

telephone exchange lines, linking it with almost everywhere in the world. Two years ago Pudong had less than 16,000 lines.

### Southwest Region

#### Tibet Secretary Warns Against 'Separatist Forces'

HK0801105293 Hong Kong AFP in English 1033 GMT 8 Jan 93

[Text] Beijing, Jan 8 (AFP)—The Chinese Communist Party (CCP) must closely monitor Tibetan monasteries and places of worship which aim to control separatist forces domestically and abroad, a local party secretary has said.

Newly appointed party Secretary Chen Kuiyuan said the CCP must be watchful that religion be exercised within the law "while fighting against criminal activities organized under a religious pretext" in this vast mountainous region in China's west.

"All the organs of the party and all of its members must be highly vigilant and oppose separatist forces domestically and abroad who seek to control the monasteries to strike a blow at national unity and the motherland," Chen told the regional CCP Commission in Lhasa at the end of December.

His speech was published in the December 29 edition of TIBET DAILY received here Friday.

Chen, Tibet's de facto political leader, replaced predecessor Hu Jintao who became one of the seven members of the Standing Committee of the CCP Politburo—China's highest decision-making body—at the 14th party congress in October.

Driven by religion, Tibet has been a stage for powerful demonstrations of nationalist fervor which were brutally suppressed in 1987 and 1989. The region is closely watched by the CCP, the Army, and police.

The three million Tibetans living in the western Chinese province—with as many living in exile—have accused Beijing of speeding up a policy of moving ethnic majority Han Chinese into the region.

The London-based human rights organization, Tibet Information Network, said last month that 10 Tibetans, including some monks, were sentenced in August and September after proceedings without legal representation.

They received prison terms ranging from five to nine years for involvement in demonstrations against Chinese authorities in Lhasa.

In a lengthy report, entitled "Torture in China," released in December, international human rights group Amnesty International denounced current practices of violence against political prisoners in Tibet.

#### Tibet CPPCC Discusses Jiang Zemin Report

OW0701090993 Lhasa Tibet Television Network in Mandarin 1200 GMT 2 Jan 93

[From the "Tibet News" program]

[Text] On 2 January, members who attended the first session of the sixth Tibet autonomous regional Chinese People's Political Consultative Committee [CPPCC] held panel discussions on the general secretary's report to the 14th CPC National Congress and on Party Secretary Chen Kuiyuan's speech delivered at a plenary and enlarged meeting of the fourth session of the fourth Tibet autonomous regional CPC committee. They also examined the work report of the standing committee of the fifth Tibet autonomous regional CPPCC. They said that in his report, General Secretary Jiang Zemin correctly analyzed both the domestic and foreign situations, systematically summed up the basic experience gained in 14 years of great practice, reviewed the theory of building socialism with Chinese characteristics, and laid down the great tasks of accelerating reform, opening to the outside world, and promoting economic development. They said that the report will have a great and far-reaching influence on our country's socialist modernization construction.

Party Secretary Chen Kuiyuan's speech at a plenary and enlarged session of the fourth meeting of the fourth Tibet autonomous regional CPC committee fully reflected the spirit of the 14th CPC National Congress, as well as the spirit of Comrade Deng Xiaoping's important speech during his south China inspection. His speech is completely in line with Tibet's real situation. Chen Kuiyuan has clearly set goals for accelerating reform and opening in Tibet. While setting these goals, he has not only adhered to the principle of seeking truth from facts but has also manifested an optimistic spirit. If everyone does his best, the goals for accelerating reform and opening in Tibet will be realized.

Members of the Tibet CPPCC said the key to translating Party Secretary Chen Kuiyuan's speech into action lies in hard work and in the genuine and vigorous implementation of various policies. It is necessary to translate words into actions, work in a down-to-earth manner, be bold in exploration, and dare to experiment. Only in this way can we implement the spirit of Party Secretary Chen Kuiyuan's speech in depth and realize the goals of quickening the pace of reform and opening in Tibet.

#### Officials Hear Reports

OW0701111793 Lhasa Tibet People's Radio Network in Mandarin 1300 GMT 5 Jan 93

[From the "Tibet News" program]

[Text] The executive chairmen of the presidium of the first session of the Sixth Tibet Autonomous Regional

Committee of the Chinese People's Political Consultative Conference [CPPCC] held a meeting on the afternoons of 4 and 5 January. The meeting participants heard reports by various small groups on their study and discussion of the guidelines of the 14th CPC National Congress and Secretary Chen Kuiyuan's speech to the fourth enlarged plenary meeting of the Fourth Tibet Autonomous Regional CPC Committee and on their study and discussion of Chairman Gyaincain Norbu's government work report to the first session of the Sixth Tibet Autonomous Regional People's Congress.

The conveners of the small groups said in their reports: The CPPCC committee members displayed a high degree of political enthusiasm and a new attitude for reform and opening. With the realities of their regions and organizations in mind, they seriously studied and discussed the guidelines of the 14th Party National Congress and the reports of Comrades Chen Kuiyuan and Gyaincain Norbu. They have fully understood the great role played by the theory of building socialism with Chinese characteristics—its role in guiding Tibet's reform, opening, and economic development. They said: The guidelines of the 14th CPC National Congress have pointed out a correct orientation for the whole party and the people across the country to achieve socialist modernization with Chinese characteristics and to reform and open up. Comrade Chen Kuiyuan's report, based on these guidelines, has rich and specific contents. It completely conforms to Tibet's realities and the aspirations of the people of all nationalities and all social strata. It will surely win warm support from the people of all nationalities in Tibet. In his government work report, Comrade Gyaincain Norbu realistically summed up the new achievements made by Tibet since the start of reform and opening, pointed out existing problems, and clearly set the tasks of accelerating reform, opening, and economic construction in the days to come. The government work report is encouragement for people to work harder.

The conveners of the small groups said in their reports: In the course of study and discussion, the CPPCC committee members have realized that to rejuvenate Tibet and make it join the advanced ranks, we must emancipate our minds, adapt our thinking to changing circumstances, and dare to be the first to carry out reform. They said: The study has enabled us to keep clearer heads and has emancipated our minds and broadened our vision. The more we study, the greater our sense of responsibility, sense of urgency, and sense of crisis are.

The convener of the Nagqu group said in his report: Now that we have had correct policies, principles, and lines, as well as clear objectives, it is important to start working. We should rely on the 2 million people in the region to perform actual deeds.

In light of local realities, the Qamdo group pointed out: To create a new situation of reform and opening in Qamdo, it is necessary to boldly open the prefecture to the outside world.

The Shannan group discussed the question of how to turn grain into cash and said: To turn grain into cash, we should take advantage of Shannan's natural resources and energetically develop a commodity economy, and we should not be content with a small degree of prosperity.

The Ngari and Nyingchi groups asked the government departments concerned to change their functions, delegate authority, yield benefits to lower levels, and simplify administrative procedures.

The Xigaze and Lhasa groups said: To bring the economy up to a higher level soon, leading cadres should first change their concept and work style. They should not visit only the grass-roots units with good conditions, and they should not be content with hearing briefings and issuing instructions. They should go among the masses in areas where life is hardest and conduct studies and investigations there.

The executive chairmen of the presidium present at the meeting were Basang. (Luosang Denzeng), Jangzhong Zhaxi Doje, Lhamin Soinam Lhunzhub, Jimzhong Gyaincain Puncog, Lhalu Cewang Doje, Tangmai Gongjue Baimu, Gonbasar Tubdanjigzha, Qaba Gaisang Wangdui, Cedain Zhoima, Duojizha Jiangbeiluosang, Wang Hailin and (Xu Hongsen).

#### Committee Elects Chairman

*OW0801111893 Beijing XINHUA Domestic Service in Chinese 0629 GMT 8 Jan 93*

[By reporter Zhuo Ma (0587 3854)]

[Text] Lhasa, 8 Jan (XINHUA)—At the first session of the Sixth Tibet Regional Committee of the Chinese People's Political Consultative Conference (CPPCC) held in Lhasa yesterday, Pagbalha Geleg Namgyai was elected chairman of Tibet CPPCC Regional Committee.

Aged 52, Pagbalha Geleg Namgyai is a native of Sichuan's Litang County. He has served successively as chairman of Tibet's Religious Affairs Commission; as special administrative officer of Qamdo Prefecture; as vice chairman of the CPPCC National Committee and CPPCC Tibet Regional Committee; as vice president of the Buddhist Association of China; and as vice chairman of the Standing Committee of Tibet Autonomous Regional People's Congress.

### Northeast Region

#### Harbin, Russia Open More Communication Lines

SK0701042393 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 6 Jan 93

[Text] Through Chinese-Russian consultations and with the approval of higher authorities, the Heihe-Blagoveshchensk microwave communications facilities were moved from the Heihe Administrative Office to the Heihe Post and Telecommunications Bureau recently. At the same time, two additional international direct communications lines have been established between Harbin and Blagoveshchensk city of Russia, thus providing a good communications means for the province's border trade.

#### Jilin Secretary He Zhukang Addresses Press Units

SK0801031393 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 7 Jan 93

[Text] He Zhukang, secretary of the provincial party committee, and Gao Yan, provincial governor, cordially held a discussion with comrades of the central press units stationed in the province and responsible comrades of the various provincial press units at the reception room of the main building of Changchun's Nanhu Guesthouse on the afternoon of 6 January. The provincial leaders fully affirmed and praised the press units for their past year's fruitful propaganda and reports, which helped promote the work in the various fields of work and raise the province's economy to a new level. They expressed heartfelt gratitude to the press comrades' diligent work. They also wished these comrades a happy new year.

Provincial Governor Gao Yan informed the participating comrades of Jilin's general ideas and major measures for its 1993 economic work. Secretary He Zhukang gave a speech. He said: The year 1993 is very important, in which the work tasks for various fields will be very heavy. New steps will be taken in reform and opening, and economic construction will witness greater development. To fulfill the tasks for the new year, we should rely not only on the unity and hard work of the people of various nationalities throughout the province but also on the great support of the various central departments and units stationed in Jilin, of which propaganda through the press is very important.

He Zhukang urged: On the one hand, press units should do a good job in publicizing and reporting reform, opening, and economic construction and provide public opinion as a powerful support to reform, opening, and economic construction. On the other hand, they should achieve success in press reform to suit the new situation.

Comrade He Zhukang urged efforts to strengthen and improve ties with central press units. He said: It is very important for the central press units to intensify the

reports on the provincial situation. It is also very important to conduct overseas propaganda. This will help promote Jilin's economy. We should strengthen exchanges of information and provide information in a timely manner of the guiding thoughts and major measures of the provincial party committee and government for the work of every period. Local press units should actively coordinate with the central press units and departments stationed in the province. They should regard it as their own responsibility to provide information to the central press units and reporters stationed in the province and should actively provide favorable conditions for them to collect material and conduct investigations and research. We should show concern for the life of the reporters of the central press units stationed in the province. We may also consider the establishment of an award to the good reports that publicize Jilin.

Speaking on ways to do a better propaganda job through the press, Comrade He Zhukang said: Propaganda through the press should play its special role in developing the socialist market economy, emancipating the mind, changing ideas, clearing up doubts and confusions, and inspiring spirit. We should give more weight to the publicity of economic work to add vigor to the endeavor of raising the economy to a new level. We should intensify the publicity and explanation of various major reform measures to provide the public opinion in favor of reform and opening. We should improve the range and quality of press reports so that they will guide people and give them food for thought. We should attach importance to opinions on public affairs and improve the quality of editorials and commentators' articles. We should accelerate press reform so that propaganda through the press conforms to the change of propaganda methods used under the planned economy system to ones adopted for the market economy system. We should emphasize the art of propaganda and improve the efficiency of propaganda. We should attach importance to the building of the contingents of press workers to improve their quality. It is hoped that a large number of outstanding reporters, editors, commentators, columnists, and masters of ceremonies will show their talents in the practice of extensively publicizing reform, opening, and economic construction.

Gu Changchun, deputy secretary of the provincial party committee, Zhang Yueqi, provincial vice governor, and other leaders attended the discussion.

#### Liaoning's Quan Shuren Inspects Panjin 17-18 Dec

SK0801092093 Shenyang LIAONING RIBAO in Chinese 23 Dec 92 p 1

[Excerpts] During an inspection tour in Panjin on 17 and 18 December, Quan Shuren, secretary of the provincial party committee, emphasized the need to emancipate the mind continuously, implement the guidelines of the 14th CPC Congress, make full use of our advantages, strive for faster development, and bring the economy up to a new stage again.

In these two days, Quan Shuren visited a specialized river crab breeding household in Panshan County, the Xinxing Chemical Industrial Plant in Dawa County, a specialized courtyard ecologically sound agricultural development household in Dawa County, a light industrial market established by the Panjin No. 2 Plastic Plant, and an asphalt plant in the Liaohe Oil Field. He heard a report given by Wang Xiangmin, secretary of the Panjin city party committee, on the city's work. He also held discussions with city and county leaders and grassroots comrades on ways to implement the guidelines of the 14th CPC Congress, deepen rural reform, succeed in the transformation of the enterprise operating mechanism, and establish the socialist market economy system as soon as possible.

Since the beginning of this year, Panjin city has conducted in-depth study of Comrade Deng Xiaoping's important speeches given during his south China tour, deepened reform continuously, opened wider to the outside world, created an unprecedentedly good situation in economic work, and, in particular, achieved a fairly great development in the rural high-yield, good quality, and highly efficient agriculture. Quan Shuren fully affirmed Panjin's work and its orientation for future development and set specific demands on how it should proceed from its reality and develop advantages in accelerating economic development. He said: In implementing the guidelines of the 14th CPC Congress, we should have development plans, keeping both long-term and immediate interests in view. To establish the socialist market economy system, we should carry out transformation and abandon the egalitarianism and common big pot deemed "superior" in the past. Therefore, emancipating the mind and seeking truth from facts remain as issues we should truly resolve in establishing the socialist market economy system. All people, from leading cadres to ordinary workers and peasants, should resolve this issue well. Our reform should be deepened step by step, and our effort to emancipate the mind is endless if this reform is not accomplished.

In peasant households, Quan Shuren was very pleased to see the green and luxuriant vegetables in the winter greenhouses and the river crabs to be marketed during the Spring Festival. [passage omitted] He emphasized: In agriculture, we should quicken the steps in leading rural areas to prosperity and strive to achieve a fairly comfortable life ahead of schedule. We should adjust the rural

production structure in line with specific local conditions and develop our advantages to achieve great development. In addition to achieving success in the several leading fields of production, we should greatly develop the courtyard economy; breed more fish, shellfish, shrimp, and crab; develop planting, breeding, and processing simultaneously; and expand their scope as soon as possible. We should rely on and disseminate science and technology, improve peasants' scientific and technological quality, develop scientific planting and breeding to increase production and income, and enable science and technology to bring more benefits to all trades of rural areas. We should establish a socialized service system, build different service networks according to different trades of work, and provide coordinated service from production to marketing, including personnel training, technical consultation, and delivery of information. We should strive to make markets and circulation successful. The government should actively create favorable conditions to cultivate the market and establish a complete market system.

Quan Shuren pointed out: Aiming at establishing a petrochemical base, Panjin should achieve success in the intensive processing of raw materials to turn the advantages in raw materials into the advantages in the products of high additional value and technology content. Enterprises should make a breakthrough in their internal reform, abandon the practice of eating from the same big pot, and develop enterprise groups and shareholding system. Governments should continuously transform their functions, delegate power to lower levels, improve service, perfect rules and regulations, provide social security, push enterprises to the market, and raise economic work to a new stage.

#### **Foreign Investments in Liaoning Increase in 1992**

SK0801014493 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 7 Jan 93

[Summary] Liaoning Province had a peak of foreign investment in 1992. As of the end of November 1992, the province approved 1,753 enterprises involving foreign capital, the total investment in these enterprises reached \$3.753 billion, and foreigners invested \$1.648 billion in them, respectively increasing by 2.4 times, 3.7 times, and 3.3 times over the same period of 1991.

So far, the province has 3,446 enterprises involving foreign capital, \$7.673 billion are involved in these enterprises, and foreigners have invested \$3.712 billion in them.

**Peng Chong Addresses Election of Taiwan Deputies**

*OW0801133493 Beijing XINHUA in English 1325  
GMT 8 Jan 93*

[Text] Beijing, January 8 (XINHUA)—Taiwanese living on the Chinese mainland started today to elect their deputies to the Eighth National People's Congress (NPC), China's legislature.

It is stipulated that Taiwan Province will be represented by 13 deputies at the eighth NPC.

A total of 120 representatives of Taiwanese on the mainland attended a meeting for organising the election of the deputies this afternoon in the Taiwan auditorium of the Great Hall of the People.

They were elected from various parts of the mainland, central and government departments and the People's Liberation Army, representing over 34,000 Taiwanese now living on the mainland.

Among the representatives, 59 persons are members of the Chinese Communist Party, making up 49.2 percent

of the total; 30 are females and account for 25 percent; 91 have received education in universities or colleges, amounting to 75.8 percent.

It is learned that the representatives will first select and nominate 16 candidates, from whom the 13 NPC deputies will be elected.

Member of the presidium of the meeting Zhang Kehui said that the election should give full play to democracy, and representatives and outstanding people in all fields should be considered in the selection of candidates.

"Proper attention should also be paid to the proportion of younger people, females, ethnic minorities, Communist Party members and non-party members among the deputies," he added.

Vice-Chairman of the NPC Standing Committee Peng Chong said at today's meeting that a successful election will not only reflect the will of the Taiwanese on the mainland, but also become a key stage in the construction of a socialist democratic legal system."

The final results of the election are expected to be available next week.

**Li Teng-hui's 'State of the Nation' Address**

*OW0801103293 Taipei LIEN HO PAO in Chinese 5 Jan 93 p 4*

[Address by President Li Teng-hui at the Second Extraordinary Session of the Second National Assembly on 4 January: "Report on the State of the Nation"]

[Text] Taipei—President Li Teng-hui yesterday delivered a "Report on the State of the Nation" at the Second Extraordinary Session of the Second National Assembly. It was the first time that the president had ever made a report on the state of the nation to the National Assembly. This is an historical document.

Whether the system of central government in our country is a "presidential system" or a "cabinet system" is not yet completely clear. President Li made his report in accordance with amendments to the Constitution. To avoid establishing an even more vague "double-track" system under which the president would be responsible to the National Assembly and the premier of the Executive Yuan to the Legislative Yuan, much of the report on the state of the nation was a statement of principles, with the emphasis on administration. The full text of the "Report on the State of the Nation" follows:

Chairman of the session, deputies, ladies and gentlemen: Since its opening, the Second Extraordinary Session of the Second National Assembly has received great attention from our compatriots at home and abroad. This extraordinary session will hear a report on the state of the nation, discuss national affairs, and make suggestions and proposals, in addition to exercising the right of consent on the nominees for members of the Second Control Yuan in accordance with amendments to the Constitution.

In my capacity as president of the Republic of China [ROC], I will now deliver a report on the state of the nation for the first time to the National Assembly, which exercises political powers on behalf of the people of the country. This is unprecedented in the history of constitutional government in our country, and it is of great significance. I feel very happy from the bottom of my heart that I am present on this grand occasion.

The process of ROC development in the Taiwan area in the 40-odd years since the government moved to Taiwan can be said to be the most successful paragon for developing countries seeking modernization. The "Taiwan experience," which has been widely commended by world opinion, began with a successful land reform and the popularization of education, which were followed by the development of industry and trade. We highly respect and admire the late President Chiang Kai-shek who, with great foresight, laid the foundation for the country's long-term development by building Taiwan with the most practical methods while the nation was in its most difficult period. In the 1970's, under the leadership of the late President Chiang Ching-kuo, we

were bold and resolute in building the "10 major projects," thus breaking through a bottleneck in the country's development. This enabled us to realize speedy economic development later. Of course, during that period, the flexible development strategy adopted by the government and a stable political environment were two additional indispensable conditions.

A stable political environment makes not only economic development increasingly vigorous but embryonic democracy increasingly strong. In view of the general trend in the world and the gradual maturity of the people in their awareness of law and order, the government in 1987 lifted the martial law which had been enforced for 38 years; then, the government decontrolled newspapers and political parties and protected the people's rights of assembly and demonstration. Such actions taken according to circumstances turned people's vast amounts of energy into a motive power for reform. This has not only made our protection of human rights more thorough and the people's participation in government more vigorous, but has also enabled us to stride along the great way to political democratization, economic liberalization, and social pluralism.

**Constitutional Reform Completed as Scheduled**

After being elected the eighth ROC president by the National Assembly, I was aware of my great responsibilities. After careful consideration, I realized that the basic way to practice democracy was only through the normal development of a constitutional system. So, during my inauguration, I declared that hopefully the Constitution would be revised as necessary—with a forward-looking attitude—in two years. I immediately invited representative personages at home and abroad to a "national affairs conference," and we gained a common understanding that the Constitution should be revised and that a new Constitution should not be drafted. Meanwhile, in order to revise the Constitution by a body representative of the popular will and with an appropriate method, it was decided to complete the work in two stages.

In the first stage of constitutional reform, 10 amendments were made to the Constitution, thus providing a constitutional basis for the election of new members to the people's representative bodies at the central levels and for laying down necessary laws governing the development of cross-strait relations.

On 30 April 1991, I announced that beginning the following day, the period of mobilization for suppression of the communist rebellion would come to an end, and that the provisional stipulations for the period of mobilization for suppression of the rebellion would be rescinded. Thus, all political operations once again followed the Constitution. All senior members of the First National Assembly and extra members elected to the Assembly retired after the first-stage constitutional reform was completed. This showed their devotion to

public interest and the country and made it possible for the smooth development of the second-stage of constitutional reform.

In the second stage of constitutional reform, we formulated eight amendments to the Constitution and adjusted the functions of various departments of the central government to make the situation better meet the objective requirements prior to national reunification. At the same time, we have provided a clear-cut legal basis for local autonomy, which has been actually in practice for over four decades. In the future, the provincial governor and city mayors will be elected on a popular basis; this means more participation in state affairs by the people. In addition, we have drawn up additional policy measures which are indispensable for national modernization and have stressed cultural, scientific and technological, environmental, and economic development, as well as the protection and welfare of women, our aborigine compatriots, and handicapped compatriots. All these have improved the contents of the Constitution and made it fair and just. During this stage, more than two-thirds of the deputies to the Second National Assembly, acting upon the procedure prescribed by the Constitution and with the approval of more than three-fourths of the deputies, successfully completed the amending of the Constitution. Moreover, sensing the people's desire, you deputies decided to change the method of electing the president and vice president to one by which they will be elected by the people in the free areas of the Republic of China. This democratic style and selflessness strongly attest to the maturity of our country's democratic politics, filling us with confidence in our country's future development.

Nevertheless, we understand very well that constitutional reform is not confined to amending clauses, that it requires the people's sincere implementation of constitutional rule. We should work to enrich constitutional rule after we complete the readjustment of the constitutional framework. Besides expanding and amending relevant laws and regulations within a prescribed period in the future, the government should boldly rejuvenate the national political system, in an effort to improve its overall efficiency, thoroughly implement local autonomy, maintain public order, and improve the people's well-being. Only the fruits of constitutional rule can be shared by people throughout the country; they represent our ultimate goal in practicing democracy and modernizing the country.

#### Economic Construction Launched Extensively

Sustained economic growth has always been the most splendid element of the "Taiwan experience." It has not only substantially improved the people's living standards, but has also won the world's admiration and respect. Although our economy encountered various difficulties and challenges during different periods in the past, joint efforts between the government and the people helped us surmount those difficulties and challenges and achieve peak growth frequently.

In 1992, the gross national product [GNP] in the Taiwan area exceeded \$200 billion for the first time, while total export and import volumes topped \$150 billion. Foreign exchange reserves reached \$85 billion, while the average per capita income came to \$10,196. Although these proud achievements are gratifying, we cannot afford to slacken our efforts. Economic growth is the result of constant improvements in the industrial structure and competitiveness. Erroneous policies or dilatory policymaking will relegate us to an inferior position in the stiff global competition. We have yet to improve the quality of life for our people, in keeping with their growing incomes. Improvements in environmental protection, public order, communications, education, and the living environment have not yet fully measured up to the people's expectations. Mindful of this fact, the government took resolute steps in 1990 to actively draft and implement the "Six-Year National Development Plan." On the one hand, the plan aims to achieve the balanced development in national construction through the restoration of economic and social order and the expedition of scientific and technological advancement and industrial restructuring. On the other hand, it is intended to lay a more solid foundation for the next stage of the country's long-term development.

The "Six-Year National Development Plan" is a forward-looking, overall construction plan and is projected to require more than 8.2 trillion New Taiwan dollars. Although implementation of this plan will increase government spending, the government is confident of successfully completing this formidable project without upsetting the balance of revenues and expenditures, provided it develops sound plans, encourages private enterprise to join it, makes good use of its foreign exchange reserves, and accelerates the privatization of state-run enterprises.

In the international economy, we will not overlook the global trend toward economic regionalization, nor will we neglect cross-strait economic relations and trade. We should show motivation and confidence in accelerating economic liberalization and internationalization. This will make us a constructive member of international economic organizations. Although it will inevitably cause pressures and difficulties over the short term regarding adjustment and adaptation, economic liberalization will fuel long-term growth. Given its favorable geographic location and achievements in economic development, we believe that Taiwan can become a financial, communications, entrepot, and scientific and technological hub in the west Pacific region, after the completion of the "Six-Year National Development Plan." By 2000, GNP in the Taiwan area is expected to reach \$440 billion; total export and import volume, \$300 billion; and the average per capita income, \$20,000. This will turn us into a proud economic power for the 21st century.

### Bright Diplomatic Prospects

Since the withdrawal of the Republic of China from the United Nations, foreign relations have for a long time suffered from an adverse effect due to the intentional obstruction of Communist China and to the restraints imposed by a traditional concept of sovereignty. With the strengthening of our economic power, the practice of democratic politics, the collapse of international communism, as well as due to our practical attitude and our unremitting efforts, a new situation has gradually evolved in recent years in our foreign relations, and our relations with foreign countries have continuously improved and been enhanced. Through concrete actions, we have vigorously expanded cooperation and exchanges with those 29 countries which have diplomatic relations with us on the basis of mutual benefits and interests. As for other countries which have no formal diplomatic relations with us, we have also made strenuous efforts to upgrade substantive relations with them. At present, we have representative offices in 59 countries which have no diplomatic relations with us, of which 17 countries have allowed us to use our national title, the Republic of China. High-level foreign officials, including those from advanced European countries and the United States, have broken their self-imposed restraints and visited in succession the Republic of China in recent years; and they have expressed their desire to upgrade bilateral and cooperative relations with us.

The end of the cold war has weakened ideological confrontation and helped the cause of freedom and democracy. As a result, members of the international community began to shift the focus of their attention from the bipolar confrontation to the forming of economic and trade alliances. To solve their problems at home, countries in the world devoted their energies to the problem of economic growth. The shift of focus by the international community will help our efforts to continuously enhance bilateral relations with other countries.

On international activities, the Republic of China has in recent years, making use of its tremendous economic might, gradually promoted bilateral relations with other countries. We have been readily accepted as a member of the Central American Development Bank and of the Asia-Pacific Economic Cooperation meeting. Our application to join the General Agreement on Trade and Tariffs has also been accepted.

In the future, we should continuously make good use of the "overseas economic cooperation and development funds" and all available resources, adopt a more active and pragmatic attitude to joining other international organizations, so as to better fulfil our international responsibilities, and reach the ultimate goal of rejoining the United Nations as soon as possible.

### The Gradual Evolution of Cross-Strait Relations

The issues that currently elicit our greatest concern are those of the nation's unification and the development of

relations between the two sides of the strait. We maintain that the so-called "unification" issue arises from the two sides' different understanding of the meaning of "one China," from the current existence of two equal political entities, and from the situation of temporary separate rule. Those who call for the disregard of this reality are not only impractical but also are deceiving themselves. We base our efforts to seek the country's reunification on the above recognition and will promote the realization of country's reunification step by step.

The government decided to allow some citizens to visit their relatives on the mainland in November 1987. Since then, the government has continuously lifted restrictions on citizens' visits to the mainland. When I became the eighth president on May 1990, I made a sincere appeal: "Taiwan and the mainland are China's inseparable territory. All the Chinese people, bonded by the same blood, are compatriots. At a time when the people in the world are praying for peace and seeking reconciliation, all the Chinese people should work out peaceful and democratic ways to realize the common goal of the country's unification." I also made a solemn declaration then: "If the Communist Chinese authorities could recognize the major trend in the world and the common hope of all the Chinese people, practise democratic politics and a free economic system, renounce the use of force in the Taiwan Strait, stop interfering in our development of foreign relations under the premise of one China, then we are willing to establish communication channels between the two sides on an equal basis." I also said then that, "we hope to study and discuss the issue of the country's unification when the objective conditions are ripe and in accordance with the common will of the Chinese people on both sides of the strait."

In October 1990, we established a "State Unification Committee." In February 1991, we adopted the "Program for State Unification," which called for a gradual and stage-by-stage realization of the goal of unification under the principle of reason, peace, equality, and mutual benefits. With a view to eliciting a friendly response from Communist China, I also proclaimed the end of the Period of Mobilization for the Suppression of the Communist Rebellion following the completion of the first stage of the constitutional reform, and renounced force as the means to realize unification.

Teng-hui stressed here: China's reunification should be achieved for the purpose of promoting the well-being of all the Chinese people; and the development of the world's situation has clearly shown that only under a system of freedom and openness can an individual enjoy happiness and progress, and only under a system which gives priority to the people can a government justify its existence. Therefore, we sincerely hope that the Chinese Communist authorities will abandon as soon as possible the contradictory policy of "leaning to the right in economics and to the left in politics," and their united front slogan of "One country, two systems"; take the future of the entire Chinese people into consideration; and earnestly adopt all necessary measures to promote

mutually beneficial two-way exchanges aimed at narrowing the gaps in ideology and system between the two sides to pave the way for an early establishment of a foundation based on mutual trust and mutual help, as well as of a linking channel, thereby bringing about the realization of the great cause of China's reunification at an early date.

#### **Consolidation, Strengthening of National Defense, National Security**

National Security is the primary consideration of a government's policy. Without security nothing is possible. All along, the ROC's national armed forces have been loyal to the ROC, and the paramount goal of our army-building and war preparations is to safeguard the ROC's existence and development. In recent years, apart from continuously implementing the policy of maintaining the excellent quality of our troops, effectively utilizing the resources of our national strength, actively upgrading our weaponry, sparing no effort to conduct research into science and technology for national defense, we have also taken positive steps to strengthen military education, as well as to study and draw up plans to bring our national defense organizations into the legal framework.

Presently, despite the disintegration of the Soviet Union and the end of the cold war, as well as the increasing easing of the international situation, regional conflicts are not only still unavoidable, but also may erupt at any moment. As far as East Asia is concerned, with the Chinese Communists' promulgation of their law on territorial waters and active expansion of their naval and air forces, and the Japanese Diet's approval of the dispatch of troops overseas to participate in the United Nations' peace-keeping operations, coupled with claims of territorial sovereignty over the South Sea Islands, it is difficult to predict whether these will lead to conflicts. How to enhance mutual exchanges and cooperation in politics, economics, culture, science and technology, as well as how to jointly exploit the resources in the South Sea with a view to achieving the objectives of reducing armaments and establishing a collective security system, are problems that still call for common efforts by countries in the region.

Teng-hui, however, pointed out that as far as national security was concerned, any form of material construction can never be a substitute for the lofty spiritual strength forged by the people on the basis of national consciousness. Currently, the expressions by a handful of people about splitting the national territory and advocacy which confuses the public may not only cause internal discord, adversely affecting social harmony and stability, but may even lead to retrogression in cross-strait relations. This, in effect, would do great harm and bring no benefit at all. It is hoped that all our people will be deeply conscious of the righteousness of our cause, discern where our stake lies, and display the spirit of standing together through thick and thin, and foster a common understanding on our shared destiny. Only this offers the most effective guarantee for our national security

and will win the support of our compatriots on the mainland, enhance the peaceful evolution of the Chinese Communist authorities, and realize our fundamental plan of fulfilling the goal of national reunification.

#### **Revival and Regeneration of Chinese Culture**

Culture is the highest stage of social development. Without exception, all countries which seek to modernize have started with economic reform and have eventually revived and regenerated their cultures, after undergoing political restructuring and a reconstruction of social norms.

Chinese culture is the accumulation of the Chinese people's wisdom. It is the crystallization of a process of constant review and progress undertaken by the Chinese people in their daily lives to eliminate the dross and to preserve the essence. For several thousand years, the rise and fall of our national strength, as well as our nations' prosperity and decline, have been closely linked with cultural progress and deterioration. Worsening social disorder in recent years has stemmed from a decline in traditional ethics and morals and from a lack of clear values. Reviving culture is a pressing task—it is the foundation of nation building—in an effort to establish without delay those moral principles and a social order that meet the requirements of modern life. All citizens should consciously work for cultural progress by cultivating themselves spiritually, by acquiring refined qualities, and by promoting a social atmosphere of honesty and sincerity. Nonetheless, it is the government's unshirkable responsibility to encourage and support relevant academic research, to promote cultural activities, to plan and create a culturally advanced environment, and to mold the people's character subtly.

Cultural efforts are an important element of the "Six-Year National Development Plan," which is being actively implemented. These include, among other things, the establishment of cultural parks, zones, and establishments; the improvement of county and city cultural centers; and the promotion of cultural exchanges with other countries. We hope that joint efforts by the government and the people will help enrich Chinese culture, improve the quality of life through the attainment of Chinese cultural values, and use the moral principles in Chinese culture to restore social order. We also hope that they will help us achieve national reunification by promoting the national legacy of Chinese culture, and that they will help us turn Chinese culture into a genuine force that will attract all Chinese people by appealing to the peace-loving nature of Chinese culture and to its goal of achieving universal harmony in the world.

When I was inaugurated as the eighth president of the ROC, I said: "The unprecedentedly booming construction projects on this bastion for the recovery of Mainland China have provided the best opportunity to screen and synthesize Chinese culture in order to preserve and promote its essence. Starting with national education, we

should systematically cultivate and refine the people's character, transform their disposition, and promote a public attitude characterized by morality, public-mindedness, faithfulness, and compliance with laws and disciplinary rules. Afterward, we should promote the all-embracing nature of Chinese culture and make the most valuable contributions to the well-being of mankind and peace." These words demonstrate our country's firm convictions in cultural progress. In the future, we will resolutely try to achieve this goal and exalt Chinese culture in the 21st century.

#### **Confidence and Outlook**

Ladies and gentlemen: Ever since I assumed the post of the presidency, I have always tried to live up to my sacred vow, not to fail my countrymen's trust in me, and to lay a foundation for the country's long-term peace and stability. Thanks to your encouragement and support and the common efforts of all countrymen, I have managed to accomplish these tasks one by one according to preset goals. The entire process appears to have gone smoothly; but in looking back today, it was anything but easy. We know quite well that "the government succeeds when its policy follows the will of the people; government fails when its policy runs counter to the people's will." What is so precious about democratic politics is that a government's policy must follow the people's will. For a government in modern times, the most important task is to respect the public will, to get a good grip on direction, to seek consensus, to formulate policies and to translate them into action, and to create the greatest well-being for all countrymen. Ever since becoming the president of the Republic of China, my thoughts have not only been centered around the prosperity and development of this small corner of Taiwan, Penghu, Kinmen, and Matsu; I have always thought about the future of all of China, about the establishment of systems for the future, about the training of talented individuals, and about the removal of all traces of parochialism and an isolationist mentality. This is because we are convinced that China will eventually be reunited. One day, all people in China will surely take the path we have taken. Looking ahead, we feel that the tasks are heavy and the road is long. In the last 40 years our countrymen have shown the wisdom of turning ideas into reality and have displayed tenacity in turning the impossible into the possible; the above facts give us great confidence and optimism about our future. In the remaining period of my presidential term, I will surely promote unity among countrymen and accelerate reform. I have made up my mind and will do my best to raise the quality of democracy and the legal structure; to help create a society where people live in harmony and where people are happy to help each other; to help promote an early accomplishment of the great cause of the country's unification; and to help open a new era for the Chinese nation.

Lastly, I wish for the continued thriving of the Republic of China. I also wish you good health and happiness. Thank you.

#### **Taipei Radio on U.S. Missile Technology Transfer**

*OW0801055893 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 7 Jan 93*

[From the "Hookup" program]

[Text] The Defense Ministry has not reacted officially to the news that the United States has agreed to sell our country Patriot missiles and technology, but military sources have pointed out that attainment of Patriot missile technology will be of decisive help to our country's Tienkung program to develop intermediate and long-range missiles. There have been reports that the Chinese Communists have obtained decoded Patriot missile technology, but it is doubtful whether they have obtained such technology. Chuang Huihsun has more:

[Chuang] Our country's current national defense policy is to achieve air and sea superiority to prevent landings by the enemy. The principal part of our strategy for gaining air superiority has been overall air defense, with the help of deployments of new radar and high-performance fighters, using surface-to-air missiles to augment our fighter's combat capability. After buying large numbers of high-performance fighter jets from abroad, anti-aircraft missiles will be our next major purchasing target. According to a reliable source, the attainment of Patriot missile technology by our country will be of decisive help to the Tienkung missile program currently under development. Regarding the deployment of ground-to-air anti-aircraft missiles in our country, according to data from military journals, our ground forces obtained some low-altitude Hawk anti-aircraft missiles and Nike Hercules high-altitude anti-aircraft missiles from the United States in 1957. In the 1970's, our country obtained some improved Hawk missiles from the United States. Over the past 30 years, these two types of missiles have played the major role of ground air defense in our country. The Chinese Communists began production and deployment of their F-8 fighters in 1981, thus shortening the combat distance over the Taiwan Strait and posing a serious threat to our allies' airspace. Realizing the necessity of developing intermediate and long-range missiles, the government empowered the Chungshan Institute of Science and Technology to develop an advanced anti-aircraft missile as soon as possible. As the country lacked experience in developing anti-aircraft missiles and as it was difficult to obtain technology from abroad, the entire development process, including research, manufacturing, and testing, relied on our own personnel. The first Tienkung No. 1 missile was manufactured in 1986, but its performance since deployment has not met all the set requirements. Furthermore, there was no breakthrough in the development of the subsequent version of a long-range ground-to-air missile. Therefore, it is fair to say that the Tienkung program is still in the stage of research and development. Attainment of the intermediate- and long-range Patriot missile

technology by our country will certainly help it achieve a breakthrough in successfully completing the Tienkung program.

As for the unconfirmed reports that the Chinese Communists have obtained Patriot missile technology from Israel and decoded Patriot missile technology from Iraq, this development may result in lowering the efficiency of our purchase of Patriot missiles, but relevant sources

have expressed doubt over whether Iraq has the capability to decode such technology and whether it would transfer such technology to the Chinese Communists. This is because although Patriot missiles are not 100 percent accurate, they played their anti-missile function very well for all to see during the Gulf war. It is very doubtful whether Iraq could decode the technology in the short period of one year.

## Hong Kong

### Jiang Zemin, Li Peng Meet Hong Kong Businessmen

*HK0801053793 Hong Kong RTHK Radio Four in English 0500 GMT 8 Jan 93*

[“One O’Clock News”]

[Text] The head of the Communist Party in China, Jiang Zemin, has explained why the central government takes prosperity and stability in Hong Kong very seriously, but his colleague, Premier Li Peng, has stuck to China’s hardline towards the political blueprint of the governor, Chris Patten. Both men were speaking to a delegation of the Chinese Manufacturers’ Association [as heard] from Hong Kong.

Joseph Chang reports:

[Begin recording] Delegation leader, leading businessman Henry Fok said Mr. Jiang explained China’s concern from prosperity and stability by pointing out that 40 percent of China’s exports pass through Hong Kong. Mr. Jiang reportedly also stressed that 60 percent of the country’s foreign investments come from the territory.

After a meeting with the premier, Mr. Fok quoted Mr. Li as saying that there was no room for compromise over the political reform proposals of Mr. Patten because matters of principles were involved and China would not back down because Britain has breached previous understandings or agreements reached with Peking. [end recording]

### Li Peng on Joint Declaration

*OW0801090393 Beijing XINHUA in English 0848 GMT 8 Jan 93*

[Text] Beijing, January 8 (XINHUA)—Chinese Premier Li Peng told a group of Hong Kong personalities today that China will carry out the principles of the Sino-British joint declaration, and other relevant agreements, to ensure the smooth transition of Hong Kong.

Li said this when he met with a delegation from the Chinese General Chamber of Commerce of Hong Kong led by its president, Henry Ying Tung Fok.

“The Chinese Government, which keeps its promises and good faith, will, as always, act in accordance with the principles and stipulations of the Sino-British joint declaration, the Hong Kong Basic Law and other relevant agreements,” Li said.

“The sole purpose of doing this is to guarantee a steady transition and a smooth transfer of power in Hong Kong, and maintain its long-term stability and prosperity.”

Li outlined China’s economic development, reform and progress in opening up. In particular he briefed the group

on policies and measures for developing agriculture, the infrastructure and service industry.

Fok expressed satisfaction with the mainland’s fast economic development and gave his views on ways to solve problems he deemed to exist in the current economy.

### Jiang Zemin on Power Transfer

*OW0801090893 Beijing XINHUA in English 0901 GMT 8 Jan 93*

[Text] Beijing, January 8 (XINHUA)—Chinese Communist Party General Secretary Jiang Zemin said here today that he is confident about the smooth transfer of power in Hong Kong in 1997.

He made the statement during an hour-long meeting with Henry Ying Tung Fok, president of the Chinese General Chamber of Commerce of Hong Kong.

Jiang also called for the British Government to come back to the principles of the Sino-British Joint Declaration and the Basic Law.

“We in China honor our words and commitments in international exchanges,” Jiang said. “We have confidence in the smooth power transfer of Hong Kong and in the stability and prosperity there.”

Another top party leader, Li Ruihuan, was present at the meeting in the Great Hall of the People.

Jiang noted that China’s economic successes are in part due to the contributions of the people of Hong Kong.

On the other hand, political stability and economic development in the mainland provide an important guarantee for Hong Kong’s prosperity and stability.

He said that the “one country, two systems” concept for Hong Kong proposed by Deng Xiaoping, embodied the fundamental interests of the Chinese nation and the entire Chinese people. It was the only correct policy for settling the questions of Hong Kong, Macao and Taiwan.

The Sino-British Joint Declaration signed in 1984 and the Basic Law promulgated in 1990 constitute the basis for returning the sovereignty of Hong Kong to China.

He called on businessmen and other people in Hong Kong to contribute more to the promotion of the reunification of the motherland and the prosperity of the Chinese nation.

Fok, who arrived here on Wednesday at the head of a delegation of the Chinese General Chamber of Commerce of Hong Kong, agreed that Hong Kong cannot maintain its prosperity without the mainland. And he expressed the hope that the Chinese nation will grow more and more prosperous.

**Lu Ping Urges Patten To Scrap Political Package**

HK0701155593 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1356 GMT 7 Jan 93

[By correspondent You Xiayin (3266 1115 5419)]

[Text] Beijing, 7 Jan (ZHONGGUO XINWEN SHE)—Lu Ping, State Council Hong Kong and Macao Affairs Office director, stated today: I believe that Chris Patten's job for the next four and a half years is to maintain Hong Kong's stability and prosperity and return Hong Kong, well and intact, to China in 1997, and he really should stop his "inventions or creations." This, and only this, is a realistic attitude.

When meeting the Henry Fok-led delegation of the Hong Kong Chinese Chamber of Commerce in Beijing, Lu Ping said: Chris Patten mistakenly thought that adopting a tough and confrontational policy toward China and starting a new set of practices would "work." In fact, adopting a practice of not consulting and discussing with China and insisting on confrontation will only render them increasingly passive [bei dong 5926 0520]. The new airport project is one example.

He said: Now Chris Patten is serving as a negative example, which makes people see more clearly that it is necessary to converge with the Basic Law if the smooth transition of Hong Kong is to be realized.

Lu Ping continued: We do not want to set up a separate kitchen, but if the British side clings obstinately to its course, breaks faith with us, and continues confrontation, we will be forced to set up a separate kitchen, and we will continue to use this new kitchen after 1997. A smooth transition will still be realized and Hong Kong's stability and prosperity will be maintained.

He told the guests that the State Council Hong Kong and Macao Affairs Office's job is to work hard to realize the smooth transition of Hong Kong, maintain Hong Kong's stability and prosperity, enable Hong Kong to implement and carry out successfully the principle and policy of "one country, two systems," and implement and carry out the Basic Law. We are confident that we can achieve this.

He reiterated: China has always advocated the development of a democratic system in Hong Kong. The current difference between China and Britain lies not in the problem of democracy or no democracy, but whether faith has been kept. Britain broke faith with us. There is now no foundation for cooperation between the two sides. On issues of principle we will absolutely not budge—this is the Chinese Government's established position. We still hope that Britain will cooperate with us and stop confrontation. Only when Britain gives up its political reform package for Hong Kong and returns to the position of the "three complyings" will there be any cooperation between the two sides.

The meeting lasted one and a half hours. Wang Qiren, Hong Kong and Macao Affairs Office deputy director, was present at the meeting.

After the meeting, Lu Ping hosted a banquet for the delegation of the Chinese Chamber of Commerce.

**Patten's 'Tough Policy Will Never Work'**

HK0801051093 Hong Kong TA KUNG PAO in Chinese  
8 Jan 93 p 2

[Dispatch from Beijing by staff reporter Li Kuo-chung (2621 0948 1813): "Lu Ping Says Chris Patten Miscalculates the Situation and His Confrontational Attitude Will Never Work"]

[Text] Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, said in Beijing today [7 January] that Chris Patten has made a wrong judgment that Britain was too weak toward China in the past and his tough policy will never work. Provided Chris Patten abandons his constitutional reform package, China still wishes to continue consultation and cooperation with the British side so that a smooth transition can be realized in Hong Kong in 1997.

Lu Ping had a meeting and dinner with the visiting delegation of the Chinese General Chamber of Commerce this afternoon, during which he talked about Sino-British cooperation. He said that the task of Chris Patten in Hong Kong is to preserve Hong Kong's economic development in the next four and a half years and return to China a prosperous and stable Hong Kong in 1997, rather than making any inventions or creations. It is unrealistic to randomly create new things.

He continued: However, the conclusion drawn by Chris Patten on Sino-British relations in the past is entirely wrong. He believed that Britain was too weak and had made concessions on too many occasions in the past. That is why he has taken a tough policy and an attitude of confrontation since he came to Hong Kong. But this will never work. On the contrary, it will land the British side in a passive position.

He went on: For example, the new airport issue has landed the British side in a passive position. If the British side held consultations with China to win the latter's understanding and support before it decided to build the new airport, the project would have been carried out smoothly. But the fact is that the British side adopted a tough attitude from the very beginning and refused to hold consultations with China. At that time, China already doubted: Is it possible for the British side to build the airport alone? Just as we expected, financial problems then occurred, and the British side had to turn round and ask the Chinese Government to make an official statement of its support for the construction. This is a very realistic problem, which threw Britain into passivity.

Answering questions raised by the delegation, Lu Ping pointed out: At present, we are very sure that some people are making use of the Hong Kong issue to play the "international card." In fact, the British side also knows that with the approaching of 1997, it will have less bargaining power and initiative in its hands. It has no "trump" in hand. That is why it should draw support from international forces in order to deal with China. Whatever efforts Chris Patten has made to deny, is the fact that he has gone everywhere, Canada, Australia, Japan, and the United States, to solicit support for his package not clearly showing that he is playing the "international card?"

He went on: If Chris Patten really plays the "international card" and turns Hong Kong into a diplomatic battlefield, Hong Kong will become the center of clashes. This will be very harmful to Hong Kong. "Hong Kong can become an international financial center, trade center, and shipping center, but it should never become an international center in political affairs."

Lu Ping also pointed out: Chris Patten can serve as a negative teacher to teach people how to realize smooth transition and converge with the Basic Law. He reiterated that the ball is now in Chris Patten's hand. So long as he abandons his constitutional reform package and return to the track of the Sino-British Joint Declaration, the Basic Law, and other agreements and understandings reached in the past, China still wishes to continue consultation and cooperation with Britain. Sino-British cooperation in the past few years on the Hong Kong issue was basically good. Although some differences also occurred, they were appropriately resolved in the end through consultation, mutual understanding, and mutual accommodation between both sides.

He hoped that China and Britain will cooperate to ensure a smooth transition of Hong Kong in 1997 and ensure the people of Hong Kong to live and work in peace and contentment. This is the task of the Hong Kong and Macao Affairs Office. But if the British side clings obstinately to its course and continues confrontation with China, "we will have no choice but to oblige it and set up a separate kitchen [a shadow government]. We believe that with the common efforts of all, a smooth transition can also be achieved."

Lu Ping pointed out that China does not wish to set up a separate kitchen. If the "kitchen" is convergent with the Basic Law and is finally completed before 1997, it can be used after 1997. But if it is not set up in accordance with the principles for setting up "kitchens," it cannot be used any longer. This is a question of principle, and China will never yield on such questions.

When told by reporter that Hong Kong's Legislative Council may make certain revisions on Chris Patten's constitutional package, Lu Ping emphasized: Whatever the Legislative Council is going to do, it should converge with the Basic Law. It is sure that China will never accept any package that does not converge with the Basic Law.

Lu Ping also reiterated that no matter what measures China will take in the future, China is confident of maintaining Hong Kong's smooth transition as well as prosperity and stability. It will also adhere to the policy of "one country, two systems" and the Basic Law.

Attending today's meeting were also other officials of the Hong Kong and Macao Affairs Office, including Deputy Director Wang Qiren, Director Chen Zuoer and Deputy Director Deng Qiang of the First Department.

This morning and noon, the delegation of the Chinese General Chamber of Commerce also had a meeting respectively with Wang Zhaoguo, the newly appointed head of the United Front Work Department of the CPC Central Committee, and Tong Zhiguang, vice minister of foreign economic relations and trade.

Wang Zhaoguo told the delegation that he was very glad because it was his first meeting with guests since he was appointed head of the United Front Work Department. He praised the Chinese General Chamber of Commerce as an organization with a long history, which has made outstanding achievements and rendered great contributions to Hong Kong's prosperity and stability and to safeguarding the rights and interests of the industrial and commercial circles both in Hong Kong and on the mainland and maintaining their relations.

On the other hand, Tong Zhiguang talked about the influence of the U.S. president-elect on Sino-U.S. relations. He believed that both sides will maintain and will further strengthen bilateral relations, especially economic and trade relations. This is good to both sides.

#### Article Attacks Patten's Political Reform Plan

*HK0801070493 Hong Kong TZU CHING in Chinese No 1, 5 Jan 93 pp 7-8*

[Article by Chiang Hai-tsung (3068 3189 1350): "British Colonial Rule Can Never Extend Beyond 1997"]

[Text] The three-day 25th meeting of the Sino-British Joint Liaison Group [JLG], which was held last month, concluded without an agreement, joint communique, or a date for the next meeting; it was a situation not seen in the past eight years since the establishment of the JLG. The main topic of the meeting was to discuss whether the Joint Declaration should be observed, whether there should be convergence with the Basic Law, and whether the agreements and understanding reached by the Chinese and British Governments should be complied with. The JLG, which has convened more than 20 meetings, could not but return to the discussion of basic principles this time, and this shows the grim situation of cooperation between the Chinese and British Governments on the Hong Kong question.

Things have come so far to this stage and it was completely attributable to Patten, who had trotted out the "three violations" political reform package, which he so stubbornly upheld, thus seriously undermining the foundation of Sino-British cooperation.

**Patten's Purpose of Confrontation Is Abundantly Clear**

Soon after taking office, Patten claimed he would keep Hong Kong's current system, uphold the executive-led pattern, maintain Hong Kong's economic prosperity, cooperate closely with the Chinese side, and build mutual trust. However, in less than three months, he ignored the Chinese side's advice and dished out a "constitutional plan" which violates the Joint Declaration, the principle of convergence with the Basic Law, and the understanding reached by the Chinese and British Governments, openly stirring up a row between China and Britain.

Thereafter, he began to separate the two councils, dismissed the Executive Council which had not expired, groomed the politicians who were pro-Britain and anti-China, appointed some persons who shouted "convergence is our enemy" as members of the Legislative Council, manipulated the Legislative Council so it passed the McGregor motion which was opposed to convergence with the Basic Law, and passed the financial plan for airport site formation.

And soon after this, he abandoned the Memorandum of Understanding on the Airport, and unilaterally approved and granted the airport site formation contract; without being discussed by the JLG, the contract on operating No. 9 container terminal, one which straddles 1997, was unilaterally approved.

At the same time, in order to "enhance" the strength supporting the political reform plan, Patten travelled everywhere to persuade Western countries to interfere in Hong Kong's affairs, playing the "international card." He also met a member of the Central Committee of the Kuomintang in Government House, and planned to send government officials to visit Taiwan, in an attempt to play the "Taiwan card."

From the time he dished out the "constitutional plan" till now, in less than three months, Patten broke promises, abandoned cooperation, refused convergence, headed to confrontation, and sowed discord among Hong Kong people, leading to social repercussions, plummeting stock market, and a growing feeling of insecurity. The Chinese side is strongly opposed to his behavior, while the voices of condemnation from various quarters in Hong Kong have never stopped.

Patten said that all he has done is to maintain the "original way of life in Hong Kong" and "promote democracy." This is not worth refuting. Colonial rule will never have democracy. When Patten took office of Hong Kong Governor and all the power here, he was "appointed by the Queen who signed the appointment letter and put the imperial chop on it." When he was sworn in, he could only pledge allegiance to the royal family. Where is democracy? As for the way of life and democratic political system after 1997, the Basic Law has clearly and unmistakably stipulated that after 1997, Hong Kong will maintain its original way of life and practice a democratic system, and ceaselessly develop according to gradual and orderly principles. So long as

there is convergency with the Basic Law, it is completely possible to realize a stable transition and "maintain the original way of life in Hong Kong" and "promote democracy," without requiring Patten to resort to other tricks, nor is he permitted to do so.

Then what is Patten's intention when he clings obstinately to his course and acts so willfully and inconsiderately?

Patten himself has given an answer. In the "constitutional plan," Patten said it is not a design for Hong Kong in the next five years, but "should look at 50 years after 1997," in an attempt to establish a governmental framework which will continue to be manipulated after 1997. Recently, Patten went so far as to fabricate the contents of the Joint Declaration, and said that the "Joint Declaration affirms that the British side continues to have a responsibility for Hong Kong's political system and 'one country, two systems' for 50 years," and Britain's "responsibility will not end on 30 June 1997."

This tells people clearly and unmistakably that the British side has deviated from the Joint Declaration, broken its promise on enabling the development of Hong Kong's political system to match with the Basic Law, violated the relevant agreements and understanding already reached by the Chinese and British sides, and stirred up confrontation. Its purpose is to extend the British colonial rule beyond 1997. Patten has hastily promoted political system reform and deliberately undermined the foundation of Sino-British cooperation, because time is not on the side of the last Hong Kong Governor.

**British Hong Kong Government Has No Authority to Unilaterally Handle the Affairs Which Straddle '97"**

Seeing the confrontation stirred up by Patten, his messing up of Hong Kong, and his intention to extend the authority to manipulate Hong Kong after 1997, the Hong Kong people and the Chinese Government certainly will not agree. Many patriotic Hong Kong people and social groups have expressed opinions condemning Patten and his "constitutional plan." The Chinese side has also solemnly reiterated its basic position on safeguarding the Joint Declaration, and clearly stated: British rule over Hong Kong will end on 30 June 1997, and Britain has no authority to handle any affairs which straddle 30 June 1997; apart from land contracts for which annex III of the Joint Declaration has stipulations, all other contracts, charters, and agreements signed or approved by the British Hong Kong Government, but not recognized by the Chinese side, will not be valid after 30 June 1997.

This explicit position of the Chinese side not only observes the Joint Declaration and safeguards Hong Kong's stability and prosperity and investors' interests, but is also a sharp warning against Patten's infringement behavior.

The most basic principle of the Joint Declaration is that Britain must hand over Hong Kong to China on 1 July 1997.

and China will resume sovereignty over Hong Kong on the same date. This means that after this date, the Hong Kong question is purely China's internal affair, and no country is entitled to interfere. Hong Kong has been Chinese territory since ancient time, and there cannot be any attached conditions for Britain to promise to return to China the Hong Kong which it used force to occupy in the past. It is the Chinese Government's basic policy and principle that Hong Kong's economic and social systems and lifestyle remain "unchanged for 50 years" after 1997, and it has nothing to do with Britain. Patten's words that "responsibility will not end on 30 June 1997" are not only an open challenge to the Joint Declaration, but also the most explicit footnote to the fact that the British colonists are reluctant to leave Hong Kong and want to extend their colonial rule beyond 1997.

In order to defend the use of administrative power by the British side before 1997 to seek economic interests which straddle 1997, the British Hong Kong Government quoted out of context and claimed in a way which deceived itself as well as others that the "Joint Declaration stipulates that after the Hong Kong Special Administrative Region [SAR] is founded, Hong Kong's existing laws, including contracts, except those which contradict the Basic Law and are amended through legislation by the SAR, will be maintained," and "according to the Basic Law, the contracts which are valid under existing Hong Kong law, will continue to be valid provided that they do not contradict the Basic Law, and be recognized and protected by the SAR Government."

In fact, be it the Basic Law or the Joint Declaration, regarding the matter of whether the contracts and charters signed and granted by the British Hong Kong Government can continue to be valid after 1997, there is a very clear precondition, that is, they cannot contradict the Basic Law.

How can they not contradict the Basic Law? The preface and Chapter I, Article I of the Basic Law have explained clearly, that sovereignty over the Hong Kong SAR belongs to China. In light of the time limit stipulated in the Joint Declaration confining the British Government's administrative authority over Hong Kong to 30 June 1997, any decisions made by the British Hong Kong Government involving the interests of the Hong Kong SAR, are infringements. A government which does not have the authority to rule beyond 1997, unilaterally taking government actions which straddle 1997, is contravening the Basic Law from the root. Annex III of the Joint Declaration stipulates that the land leases which straddle 1997 are recognized because they obtained agreement from the Chinese side, not because the British Hong Kong Government has the authority to unilaterally approve and grant contracts which straddle 1997. Therefore, if the Basic Law is not to be contravened, the only way is to cooperate with the Chinese side and carry out joint discussion and examination.

Some people say that according to international law, a new government generally has to honor the contracts and charters granted by an old government. This is not in accordance with fact. In fact, according to the relevant

article of international law, a new government has every right not to inherit everything from an old government. In particular, the change from the British Hong Kong Government to the future SAR Government is a change from colonial government to a local government with sovereignty returned to China, and this is a change of basic nature.

It must be pointed out here that according to the Joint Declaration, the purpose of entrusting the British side with the responsibility of administering Hong Kong during the transition period is to "safeguard and maintain Hong Kong's economic prosperity and social stability," and to "ensure a smooth changeover of power in 1997." If the British side's "administration" contravenes the abovementioned demand, then, it contravenes the Joint Declaration, and the effectiveness of its rule is doubtful.

#### **Chinese Government's Determination to Safeguard Hong Kong's Prosperity and Stability Is Firm and Unshakable**

Safeguarding Hong Kong's long-term prosperity and stability is the Chinese Government's consistent position. When signing the Joint Declaration, the Chinese Government said that a series of basic principles and policies toward Hong Kong, including the practice of "one country, two systems" in Hong Kong, the governing of Hong Kong by Hong Kong people, a high degree of autonomy, and things remaining unchanged for 50 years, are to maintain Hong Kong's prosperity and stability. That is to say that it is not only necessary to maintain Hong Kong's prosperity and stability during the transition period, but to enable Hong Kong to maintain long-term prosperity and stability after the SAR Government is established on 1 July 1997. The gradual and orderly democratization process outlined by the Basic Law is also for this purpose. At the same time, the democratic rights for Hong Kong people stipulated by the Basic Law are far more than those under the British rule for more than a century, and this is completely in accordance with the wishes and interests of Hong Kong residents.

The Chinese side has now made it clear that it will adopt a positive attitude when examining contracts, charters, and agreements which straddle 1997 on behalf of the future SAR Government. After 1997, the legitimate rights and interests of investors from various countries, including British investors, will certainly be protected according to law provided that they are abide by the Basic Law and the relevant law of the Hong Kong SAR. This has once more indicated that the Chinese Government is positive and responsible in safeguarding Hong Kong's long-term prosperity and stability.

Recently, some people proposed the idea of "backing off one step on each side" to solve the Sino-British row. We think that, no matter what the motive of this idea is, it has not distinguished right from wrong and has blamed

both sides; in particular, it wants China to make impossible concessions on an issue of principle which involves state sovereignty, and this is not helpful in any way to settling the row.

When handling the Hong Kong question, the Chinese side completely abides by the Joint Declaration and the Memorandum of Understanding on the Airport, strictly observes the agreements and understanding reached by both the Chinese and British Governments, and has never deviated a bit. The controversy, which has been stirred up completely by the British side, is in essence a major problem of principle involving the matter of whether the Joint Declaration and the agreements reached by both the Chinese and British Governments should continue to be observed, and whether the British must really return sovereignty over Hong Kong to China. The one who must back off can only be the British side, who has embarked on a wrong road, and this means it must immediately abandon the so-called political reform plan, and return from the erroneous position of "three violations" to the correct track of "three kinds of conforming." Other than this, there is no other road.

Regrettably, Patten is not remorseful even now. He has defended his erroneous position, saying that if he takes back his political reform plan, "it would be very astonishing." He tried to boost his own faith by arguing unconvincingly that "I believe I have followed the right road." He arrogantly and wantonly attacked China's state policy of "one country, two systems," accusing it of "one country, one and a half systems" and "one country, one and three-quarter systems," and continuing to promote his "three violations" plan, to boost the effort to run Hong Kong into an independent or semi-independent political entity. Regarding this, the Chinese side can only adhere to principle firmly, and oblige them and fight to the finish.

At present, more and more Hong Kong people have clearly seen that Patten has gone far enough down the erroneous road, and that he has undermined and will continue to undermine Hong Kong's prosperity and stability. In order to prevent the harm caused by Britain when it withdrew from colonies in the past from being repeated in Hong Kong, the Chinese side will remove all obstacles and adopt every necessary measure to ensure the regaining of sovereignty over Hong Kong. The Chinese Government's determination to implement the Joint Declaration and Basic Law and practice "one country, two systems" is firm and unshakable, and all the measures it has taken and will take soon are for safeguarding Hong Kong's prosperity and stability, ensuring a smooth transition in 1997, and safeguarding the long-term interests of Hong Kong people. It is believable that after returning to the motherland in 1997, Hong Kong will be more prosperous and stable.

#### **Journal Criticizes Use of 'International Card'**

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[Article by Cheng Yu (4453 1342): "Comments on Playing the 'International Card' by Chris Patten"]

[Text] In order to obstinately peddle his political reform package, which features "three violations and one confrontation," Chris Patten has cudgeled his brains and resorted to all his intrigues as one may put it. Along with his playing the "public opinion card" in Hong Kong, he has recently conducted frequent activities abroad in an attempt to lobby some Western allies into helping him turn the tide of disfavor and lend impetus to his maneuvers. The "international card" Patten is playing has elicited the Hong Kong people's vigilance and anxiety. Hence, it is necessary to comment on it.

#### **British Wishful Thinking**

It goes without saying that Britain's importance in Hong Kong is gradually decreasing with the decline of its national strength and the approach of 1997 but some politicians with strong colonial links have refused to look reality in the face. In their eyes, since the end of the cold war and the disintegration of the Soviet Union, the United States has shifted its spearhead eastward, attempting to push forward "peaceful evolution" in China to make the Western interests and value yardsticks represented by the United States prevail over all the land under heaven, thereby maintaining the situation in which the United States will exclusively dominate the world. In this connection, Britain has followed the U.S. lead and joined the anti-Chinese chorus, with Patten as the vanguard, at the cost of maintaining the good atmosphere of cooperation created by the signing of the Sino-British Joint Declaration. Certainly, the British side has also done its own calculating—putting pressure on China by capitalizing on this anti-Chinese wave to demand more on the Hong Kong issue and divert people's attention from its domestic conflicts. Just as a Hong Kong councillor disclosed after visiting London: Britain has admitted that Patten's package put no emphasis on convergence with the Basic Law and a peaceful transition. Such actions by the British side intended not only to force the Chinese side to accept its demands but make the following a fact: The establishment of a nominally democratic, but actually autocratic, political system and the propping up of a pro-British and anti-Chinese faction before 1997; and with this faction as its agent, the formation of a structure whereby the British rule over the territory will go on without its presence, thus extending the British influence in Hong Kong after 1997. Will these intentions get them anywhere? The British side is self-assured by having the following circumstances to rely on: 1) The Soviet Union and the Eastern Europe have collapsed, can China drag out its existence until 1997?; and 2) If it is opposed by the Chinese side, it can count on various international forces to intimidate China.

In addition, the current change of British policy toward China also reflects the fears held by Britain and some Western powers of a strong China. According to the Hong Kong media, since China's reform and opening up, especially the publication of the remarks made by Deng Xiaoping during his south China tour, China has become the area of the world with the fastest economic growth.

As estimated by the ECONOMIST, following this reform process, China will enjoy a prosperous period for two to three decades and become the largest economic system in the world. How can the Western countries not feel restless about this? That is why someone has said that the intention behind Patten's political reform package is absolutely not aimed at the number of directly elected seats but at "unleashing a new whirlwind of encircling China by the West with Hong Kong as a battlefield."

According to a commentator's analysis, at present, Britain's remaining colonies are Gibraltar and Hong Kong. Hong Kong is a chunk of fat meat and Britain is still empowered to administer Hong Kong for four years or so. The British calculate that if Hong Kong is thrown into chaos, a negative impact will be brought on the economic development in south China so that China will be unable to concentrate its energies on economic construction. Echoed by the U.S. "Hong Kong Policy Bill" and the actions of selling fighters to Taiwan, the British think it possible to break up the economic cooperation between mainland China and Hong Kong and Taiwan, even foster the forces of "Taiwan independence," and hamper the cause of China's reunification. Therefore, the British feel reassured and emboldened, believing that China will "spare the rat to save the dishes" and succumb to the British blackmail. By fishing in troubled waters, the British will at least grab as much as possible from this chunk of fat meat to make up for the economic recession in the British Isles. Patten once indicated that the first thing in his mind is the interests of his home country, which is sufficiently evidenced by his indication of building the new Hong Kong airport unilaterally; for which the financial budget has soared to astronomical figures with no intention of setting a ceiling and more consideration was given to British-funded consortia on the tenders for airport projects. As to such issues as the pension funds for public servants, he has just perfunctorily dismissed them.

#### **Running Counter to the Trend and Disregarding Reality**

Of course, the smug British calculations are one-sided wishes and the political and economic factors on which Patten based his playing of the "international card" are superficial and shortsighted and are therefore regarded as essentially wrong.

First, they run counter to the trend of the era featuring peace and development. Viewed from the angle of peace, since the end of the bipolar contention for hegemony between the Soviet Union and the United States, the world has not been dominated by the United States alone, nor has it been divided by the United States, Europe, and Japan; the U.S. influence is continuously weakening, the European Community and Japan are also gradually exposing their limitations, and the development of a multipolar tendency is gathering pace. As a result, it is impossible to form a new global axis of confrontation. Moreover, owing to the disintegration of the Soviet Union and the fall of the Berlin Wall, the hot spots are focused on the area connecting Europe and Asia, forming a seriously turbulent strip ranging from the

Balkan Peninsula through the Middle East, the Caucasus, to Central Asia. Yugoslavia has been divided into five factions; Czechoslovakia is being divided into two states; the war in Bosnia-Hercegovina is gathering momentum; the conflict in Macedonia is increasingly intense; and Kosovo is in an explosive situation. Thus, people are worried that the flames of war in the Balkans will be rekindled and a "Europe of Balkanization" will emerge. Under these circumstances, no one would like to see the turbulences in the Soviet Union and East Europe recur in China. Conversely, people will feel even more certain that the stability in China is of tremendous, positive significance to the peace in Asia and even in the world.

Viewed from the angle of development, most countries have shifted the focus of their attention to their domestic economic development. In their foreign policies, more consideration has been given to realistic domestic economic interests. In the U.S. general election in November, the candidate stressing "economic priority" and "economic security" was elected president after intense contention. Judging from the increasingly realistic statements made by President-elect Clinton, the list of cabinet members in charge of economic affairs that has been announced, and the convening of the economic summit meeting, the new White House administration will try to take "rejuvenation of U.S. economy" as the state's top strategic mission. As the British strength is limited, the "international card" Patten plays is, in fact, the "U.S. card" and the pressure which the United States will exert upon China can perhaps only be in the economic field, that is, on the issue of the most favored nation [MFN] status. However, the MFN treatment is reciprocal. If China is hurt, Hong Kong will be affected to a greater degree and U.S. interests will likewise be damaged. How will the Americans, who are most particular about reality, be induced to act as the British volunteer workers?

Second, he who provokes a new cold war will not enjoy the support of the people. Compared with the turbulent regions, the Asia-Pacific region has remained relatively stable and various countries in this region all treasure such a situation and work hard for their self-development. However, Britain has stirred up confrontation in Hong Kong, the heartland of the region, and vigorously instigated the so-called "encircling" whirlwind. People cannot help but doubt whether it intends to create a new cold war. Various countries in the Asia-Pacific region will certainly feel disgusted with and condemn the perverse British acts. In the end, instead of shifting its domestic conflicts, more conflicts will be stimulated in the UK.

Third, the economic impact on the mainland by Hong Kong are overestimated. Although the total asset value of the British firms accounts for about 30 percent of the total volume of transactions in the Hong Kong Joint Stock Exchange, including the Hong Kong and Shanghai Banking Corporation Ltd., the largest purely British-funded blue chip company, yet the local firms (exceeding

50 percent of the total assets of the listed companies) and the Chinese-funded companies (accounting for approximately 10 percent) are the principal part of Hong Kong's economy. It is all the more important that the economies of Hong Kong and south China have been as closely related and interdependent as lips and teeth. It can be stated that the dependence of Hong Kong on China has substantially exceeded the necessity of China for Hong Kong. At present, without making use of Hong Kong, China can still realize its modernization drive. On the contrary, once Hong Kong departs from China, it can hardly exist. It is unreliable for Patten to use the economic prosperity of Hong Kong as a gambling chip because Britain will also be a major loser.

Fourth, the resolve and confidence shown by China in safeguarding its state sovereignty are to a great extent underestimated. The signing of the Sino-British Joint Declaration has defined the future of Hong Kong's return to its motherland. The Chinese Government and people have never been ambiguous about this principled issue that involves sovereignty and will not, under any circumstances, yield one iota, to say nothing of an inch. China was never subdued in the embargo during the cold war period, nor was it subdued in the three and a half years of sanctions imposed on China after the 4 June disturbance. What can Patten get from playing his "international card?" The remarks of Mr. Adley, British Member of Parliament, are quite reasonable. He said: "Hong Kong's destiny ultimately hinges on China." "Hong Kong is a part of China. Since China and Britain have made a unanimous decision on the future of Hong Kong, the Chinese will not allow anyone to revoke the agreements signed." He also reiterated: "It is impossible to persuade or coerce China into making any compromise on the issue of its sovereignty." Upon hearing these remarks, will Patten's dizziness calm down a little?

#### "International Card" Is Doomed to Failure

As the famous saying goes: "A just cause enjoys abundant support while an unjust cause finds little support" and it is self-evident that Patten's "international card" will end up in failure since it both runs counter to the trend and the public will and is derived from his error of judgment. In order to further explain this point, we might as well look at the following facts:

First, the Chinese Government has repeatedly made known its solemn stand: The Hong Kong issue is a matter between China and Britain before 1 July 1997 and, thenceforth, it is purely one of China's internal affairs. It is inappropriate for any "third party" to make irresponsible remarks on the Hong Kong issue and it is in violation of international principles to directly meddle in Hong Kong affairs. Upon Patten's lobbying here and there, the Asian countries universally reacted coldly and only a small handful of people in Western countries are really "enthusiastic" about his actions. It is thus obvious that the great majority of the international community is unwilling to be involved in the controversy of the Hong Kong issue. Conversely, they hope that China and

Britain will cooperate and make collective and appropriate commitments to Hong Kong's stability, prosperity, and peaceful transition.

Second, Hong Kong is an international financial, economic, trade, and shipping center. Maintaining Hong Kong's smooth transfer and long-term prosperity and stability is China's consistent position and firm principle and it is also the strongest public will of Hong Kong. Meanwhile, it is where the interests of various countries including those of the British firms lie. The perverse acts of Patten after his arrival in Hong Kong and the open controversy he provoked have disrupted the Sino-British cooperation, created confrontation and fission among the Hong Kong people, and turned the originally peaceful Hong Kong into a chaotic place. It is believed that after measuring the advantages and disadvantages, no sensible foreign government will put the investors' interests of its own country on Patten's dangerous stake and the industrial, commercial, and financial circles of various countries who wish to continue their profitable business in Hong Kong will certainly not allow Patten to go his own way.

Third, some Western countries are now facing a lot of domestic difficulties, with their economies sagging, national and racial conflicts aggravated, the people's grievances running high, and the government's reputation declining. Since they are unable even to fend for themselves, much less poke their noses into other people's gardens, they have no rights. As for such empty slogans as "democracy," "freedom," and the like, they cannot serve as food, and no Western country sacrificed its realistic economic interests for them. Over the past period, given Patten's painstaking endeavors, he has merely obtained a couple of "statements" airing support for him, which just paid lip service without any substance, or even could not be counted as lip service at all. From this, we can see clearly the isolated position of his erroneous policy.

The playing of Patten's "international card" and his opposition to internationalize the Hong Kong issue are, indeed, too ugly to be exposed under the sun so that the British politicians, including Patten himself, dare not openly admit it. Patten repeatedly said his package was just a "proposal" and he was willing to "discuss" with the Chinese side. May we ask: What kind of a "proposal" can it be to which he begged for a third country's support before being discussed? And what kind of a "discussion" can it be in which he coerced people to accept with the aid of foreign pressure? The politician's hypocrisy has reached its climax. Of course, there are people in Hong Kong who raised their feet to bolster up Patten. Are there not such people as Lee Chuming, who publicly barter away their honor for Patten's patronage and claim themselves "pro-British royalists"?

Things are very clear now. The current controversy regarding the Hong Kong issue no longer rests with the extent and pace of democracy but with Britain's show of bad faith and its unscrupulous attempt to grab more interests of its own at the expense of the Hong Kong people—this is the most valuable revelation we gain from Patten's playing of the "international card."

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